



TPK Holding Co., Ltd.

Annual Report 2020

Annual report inquiry website

Market Observation Post System: <http://mops.twse.com.tw>

Website: <https://www.tpk.com>

Date of Printing: April 10, 2021

Notice to readers

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

1. Spokesperson, Deputy Spokesperson, their names, Positions, telephone numbers and e-mail addresses:

| | |
|------------------------------------------------|----------------------------------------------------------|
| Name of Spokesperson: Michael Chao-Juei Chiang | Job Title: Chairman |
| Tel: (886)2-7727-1199 | E-mail: Stock@tpk.com |
| Name of Deputy Spokesperson: Li-Chien Hsieh | Job Title: President/CEO |
| Freddie Liu | Job Title: Chief Strategy Officer |
| Tel: (886)2-7727-1199 | E-mail: Stock@tpk.com |

2. Headquarters, branch office, factory address and Tel:

(1) Headquarters

| | |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| TPK Holding Co., Ltd. | Registered Address: PO Box 309, Ugland House, Grand Cayman KY 1-1104 Cayman Islands |
| Web Site: https://www.tpk.com | Business Address Address: 199, Banshang Road, Information Photoelectric Park, Torch Development Zone For HighTechnology Industries, Xiamen, Fujian, China |
| | Tel: (86)592-573-8999 |

(2) Subsidiary and branch office

| | |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| TPK Touch Solutions Inc. | Address: 6 F, No. 13-18, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City, Taiwan |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| TPK Universal Solutions Limited Taiwan Branch | Address: 6 F, No. 13-18, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City, Taiwan |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| Upper Year Holdings Limited | Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| Improve Idea Investments Ltd. | Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| Optera TPK Holding Pte. Ltd. | Address: 80 Robison Road, #02-00, Singapore 068898 |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| TPK America, LLC | Address: 1209 Orange Street, Wilmington, Delaware 19801, U.S.A. |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| Ray-Star Universal Solutions Limited | Address: Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| TPK Universal Solutions Limited | Address: Suites 1204-07, 12/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |

| | |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| TPK Universal Solutions Limited, JP Branch | Address : 5th floor of Daiwa Azabu Terrace, 3 20 1, Minamiazabu, Minato ku, Tokyo, Japan |
| Web Site : https://www.tpk.com | Tel : (886) 2-7727-1199 |
| TPK Asia Pacific Sdn. Bhd | Address: Unit 3(I), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, F.T.Labuan, Malaysia |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| TPK Film Solutions Limited | Address: Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| TPK Touch Solutions (Xiamen) Inc. | Address: 199, Banshang Road, Information Photoelectric Park, Torch Development Zone For HighTechnology Industries, Xiamen, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-573-8999 |
| TPK Touch Systems (Xiamen) Inc. | Address: Floor 1-8, No.1 Workshop, No. 190, Jimei Avenue, Jimei District, Xiamen, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-779- 0999 |
| TPK Glass Solutions (Xiamen) Inc. | Address: 996, Minan Avenue, Xiangnan Industrial District, Torch Development Zone For High Technology Industries, Xiamen, Fujian , China |
| Web Site: https://www.tpk.com | Tel: (86)592-779-7999 |
| Xiamen Jan Jia Optoelectronics Co., Ltd. | Address: Middle Building, No. 1, Xiangming Road, Xiangnan Industrial District, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-381-7777 |
| TPK Film Solutions (Xiamen) Inc. | Address: D Zone, The Fifth Floor Of Complex Building, No. 191, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-573-8999 |
| TPK MasTouch Solutions(Xiamen) Inc. | Address: 1, Haijing North Road, Haicang, Xiamen EPZ, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-573-8999 |
| TPK Touch Solutions (Pingtan) Inc. | Address: 1, Ruyi East Road, Beicuo Town, Pingtan County, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-573-8999 |
| TPK Material Solutions Inc. | Address: Jinjiang Economic Development Zone, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-573-8999 |
| TPK Advanced Solutions Inc. | Address: The Second, Third And Fourth Floor, No. 515, Qishan North Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-573-8999 |
| Trend Trading (Xiamen) Inc. | Address: E Zone, The Fifth Floor Of Complex Building, No. 191, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China |

| | |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Web Site: https://www.tpk.com | Tel: (86)592-573-8999 |
| TPK Material Solutions (Xiamen) Inc. | Address: A Zone, The First Floor, No.3 Workshop Of Bathroom Ironmongery, No. 2168, Tongan Avenue, Tongan, Xiamen, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86)592-573-8999 |
| Jan Jia Trading Company Limited | Address: Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong |
| Web Site: https://www.tpk.com | Tel: (86)592-381-7777 |
| Amplifi Technologies Inc. | Address: PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| Amplifi Technologies Inc. Taiwan Branch | Address: 1F., No. 222, Huaya 2nd Rd., Guishan Dist., Taoyuan City, Taiwan |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| Amplifi Tech Hong Kong Co., Limited | Address: Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong |
| Web Site: https://www.tpk.com | Tel: (886)2-7727-1199 |
| Amplifi Tech (Xiamen) Limited | Address: The Third Floor, No. 515, Qishan North Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China |
| Web Site: https://www.tpk.com | Tel: (86) 592-573-8999 |

(3) Lawsuit, non-lawsuit legal representative name, position, telephone number and e-mail

| | |
|--------------------------------|----------------------------------------------------------|
| Name: Michael Chao-Juei Chiang | Job Title: Chairman |
| Tel: (886)2-7727-1199 | E-mail: Stock@tpk.com |

3. Share Transfer Agent:

| | |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Name: Department of service agent of Yuanta Securities Co. LTD. | Address: First floor underground, No. 210, Lane 3, 5 th Avenue, Datong District, Taipei |
| Web Site: http://www.yuanta.com | Tel: (886)2-2586-5859 |

4. Auditors:

| | |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| CPA Name: Kuo, Tzu-Jung, Chuang, Pi-Yu | |
| CPA Firm: Deloitte Touche Tohmatsu Limited | Address: The Twentieth Floor, No. 100, Songren Road, Sinyi District, Taipei. |
| Web Site: http://www2.deloitte.com | Tel: (886)2- 2725-9988 |

5. Name of overseas trading office of listed valuable securities and the way to inquire information of valuable overseas securities:

| | | |
|--------------------------|-------------------------------------------|------------------------------------------------------------------------------------|
| Global Depository Shares | Trading office: Luxembourg Stock Exchange | Web Site: www.bourse.lu/Accueil.jsp |
|--------------------------|-------------------------------------------|------------------------------------------------------------------------------------|

6. Web Site: <https://www.tpk.com>

7. Board members:

April 10, 2021

| Position | Name | Nationality | Main Education/Experience Background |
|----------------------|-------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman | Michael Chao-Juei Chiang | Canadian | Business Administration, Fu Jen Catholic University TVM Corporation - Chairman Taiwan Video & Monitor Corporation - President |
| Director | Capable Way Investments Limited | Taiwan | Master of Business Administration (MBA), Duke University Lite-On Technology Corporation, Portable Image Device SBG - Chief Operation Officer Lite-On Young Fast Co. - President |
| | Representative: Li-Chien Hsieh | | |
| Director | Max Gain Management Limited | Taiwan | Mechanical and Electrical Engineering, China University of Science and Technology Manufacturing department (China) of Tupo Optoelectronics Incorporated -Assistant Manager Research departments of Chief Industrial Inc.-Assistant Manager |
| | Representative: Heng-Yao Chang | | |
| Director | High Focus Holdings Limited | Taiwan | Mechanical Engineering, Feng Chia University Business development at Green Point Incorporated Company -Director |
| | Representative: Tsung-Liang Tsai | | |
| Director | Global Yield International Co.,Ltd. | Taiwan | Mechanical Engineering , National Chin-Yi University of Technology Quality assurance at TVM (PRC) Corporation-Assistant Vice President Amkor Co. Ltd.- Assistant Vice President |
| | Representative: Shih-Ming Liu | | |
| Independent Director | Horng-Yan Chang | Taiwan | Master of Business Administration (MBA), APC degree in Accounting, St. John's University Interplex Industries Inc., New York, USA - Deputy Chief Financial Officer and Assistant Chief Controller Department of Business Administration, Soochow University, Taiwan - Adjunct Professor Department of Communications Management, Shih Hsin University, Taiwan - Full-time Associate Professor |
| Independent Director | Fong-Nien Chiang | Taiwan | Master of Political Economy, University of Texas at Dallas Trend Micro Incorporated- General Manager SINA. COM ONLINE. - CEO SINA Corporation - Chairman |
| Independent Director | Ming-Jeng Weng | Taiwan | MBA, University of Southern California Citi Bank- Vice President Salomon Smith Barney Inc. Taipei Branch, Citi Group-General Manager Lehman Brothers Securities Taiwan Ltd.- Chairman Nomura International (Hong Kong) Limited, Taipei Branch -Managing Director |

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I. Letter to Shareholders

In 2020, the global economic activities and industry supply chain have faced unprecedented challenges caused by the onset of COVID-19 in 2020. Meanwhile, the consumer's demand has been fairly weak due to the uncertainty circumstances. Tpk's revenue in 2020 has decreased from 2019, however, the profit has significantly increased given the company's timely and properly strategy and policy for responding to the pandemic, as well as effectively producing process and high product yield rate.

Looking forward to 2021, since the epidemic of COVID-19 might not dissipate, people will change their working style and life style due to epidemic prevention. The applications of interactive whiteboards will accelerately grow given the trend of remote work and video conferences. In addition, notebook PCs and personal computers' demand are increasing for business use. The popularity of online learning also provoke the demand for educational notebook PCs and tablets. There is another daily life style difference after the pandemic. People tend to exercise at home by themselves or by watching the video online. Thus, more and more touch panels embed on the fitness equipment are needed. Besides, 5G network products are in the process of commercializing, people could communicate with each other faster and more effectively through 5G internet, and hence the installation of display with touch panel will be increasing. Moreover, since the new energy vehicle market becomes prosperous, the demand for automotive touch panel is increasing not only because of the higher touch panel penetration rate in automobile, but also because of the innovative design for the infotainment products, such as bigger size displays, curved design panels or multi-panels. In 2021, TPK will continue to keep pace with the development of touch panel industry and maintain close relationship with end customers by taking advantage of our leading-edge technology, innovative customized product design.

Review of 2020 Company Strategy

The major strategy of the company in 2020 is to maintain the existing market while encountering a challenging and tough environment, and strengthen the relationship between the company and the customers, to seek further cooperation in future development. The executed objective items are as below:

1. Create our own value for the customers stably and steadily

TPK possesses leading-edge of touch module technology. Based on customers' requirements, TPK provides various customized solutions and optimizes manufacturing process to achieve the better quality of existing services. Furthermore, the company expands the product lines and services in order to help the customers to enhance their production efficiency. Meanwhile, we've increased our own value and had a closer relationship with our customers.

2. Invest in research and development of touch material and advanced technology

TPK has made lots of efforts to research and develop SNW material to fulfill the requirement of larger sized, curved, and flexible touch panels by means of its characteristics of high conductivity and flexibility. In 2020, TPK has succeeded in mass producing touch panels for super-large white boards

and other large sized products, and the construction progress of SNW exclusive production base is on schedule. Phase one construction has been completed on time. The lay-out of the production base and automated machinery, and one-stop production line could satisfy a variety of product with different sizes.

3. Conservative management strategy and continuous cost control

Under the strict control of expenses, the operating expense rate of TPK has maintained at 3.4% in 2020, similar as 2019. The number of employees has decreased from about 22,000 at the end of 2019 to 18,000 approximately at the end of 2020 given the continuous yield rate and efficiency improving, and the execution of automated manufacturing policy. The company could enjoy the flexibility of human resources arrangement according to the seasonality, and reduce the risk of the uncertainty issues in terms of cost structures under the COVID-19 influences worldwide.

Financial Results

TPK reported sales of NT\$114.6 million in 2020, down 16.1% year-on-year, and net profit for the parent company totaled NT\$1,031 million, equivalent to earnings per share of NT\$2.53, approximately 5 times higher than EPS in 2019.

Research & Development

As a leading company in touch industry, TPK plays an important role in the development of touch industry. As of December 31st 2020, the Company has granted 2,726 patents, including 1,545 invention patents and 1,181 new model patents. In 2021, TPK will continue to protect our proprietary IPs and dedicate ourselves not only to research and development, but also to applying for new patents to ensure our technology leading position in the industry.

Looking into the future, the company will keep working on the next generation touch products, such as the new design of SNW material applying to bigger sized, curved and flexible touch applications, and integrate the supply chain of SNW manufacturing, and thus, we can work well with the customers to stand firm in the industry with next generation touch technology.

Summary of Business Plans for 2021

In 2021, though the major customer has changed new products' specs and there are still challenges from the interference of COVID-19, TPK will continue to enhance production efficiency and yield rate in order to serve customers as their major supplier. In addition, TPK will keep on developing new products as well as advanced new technology and optimizing manufacturing process, to win new projects or new products from existing customers, and also expand our customer bases for new business. Our business plans for 2021 summarize as below:

1. Maintain steady business and progress consistently

The material, labor and transportation cost have increased significantly due to the policy of preventing COVID-19 in different countries. TPK maintains steady business and cost saving policy to strengthen competitiveness, to gain marketshares, and to increase new customers through continuous enhancement in terms of yield rate, production efficiency, manufacturing optimization, production process management etc. The company will cooperate with customers closely, and try to

develop new projects and expand our services as well to assist our customers provide better products.

Besides, TPK will provide customers upgraded automotive products with total solutions to response to the requirement of fast growing intelligent automotive industry. In terms of new material, TPK will work on SNW sensor, module assembling, cover class, and total solutions for customers to increase company's own value and increase our market shares.

2. Keep intelligent innovation and look for new opportunity

In 2020, TPK invest in a US start-up company, Canoo Inc., and plan to penetrate more into electric vehicle industry. In addition, TPK starts to work on 3D printing technology and has mass produced 3D printing products with positive feedback from the market. In 2021, TPK will take advantage of our innovative ability and sensitive market insight to look for new investment opportunities and for expanding new business.

3. Stay conservative policy and remain stable

Owing to the severe uncertainty of worldwide economic environment, the company will remain a relatively low financial leverage level for preparations to face the volatile revenue and profitability by virtue of obvious seasonality of high-tech electronic industry. Meanwhile, TPK will actively look for efficient way of cash management and foreign exchange arbitrage opportunity to increase our non-operating income.

Embrace the future

TPK has been continuously remained profitable for the fourth year under a turbulent backdrops due to COVID-19 pandemic. Moreover, the company's profit has even been increased significantly last year. In 2021, the challenges and industry opportunities from the COVID-19 might continue to exist, however, TPK will make every effort to look for new business opportunities by intelligent innovation with working hard and working smart.

Although TPK have spent lots of efforts on operations, we have never forgotten our responsibility and the expectation from the society. The Company has spared no effort in showing its concern and feedback for the society and the vulnerable group. Undoubtedly, TPK will continue its contribution to the society in the future. Last but not least, we would like to thank all the shareholders, customers, and colleagues for your perpetual support and care for the Company. We sincerely hope for the support of every shareholder and predecessor in the industry for our business strategy and development, as well as recognizing the efforts made by our management team. While the industry becomes mature and continues to progress into next stage, we will stay growing steady and stable to bring the profits for our shareholders.

Michael Chao-Juei Chiang, Chairman

Li-Chien Hsieh, Chief Executive Officer

II. Company Profile

1. Date of Incorporation:

November 21, 2005

2. Company History:

TPK Holding Co., Ltd. (Hereinafter referred to as “this company”) was established in the Cayman Islands on November 21, 2005 with 24 subsidiaries distributed in the businesses of the development, manufacturing, and sale of touch applications.

TPK Touch Solutions Inc., as a base for TPK group, strives to develop touch technology. The company has become the smartphone touch sensor development partner of international companies after the successful ITO glass touch solution invented. Since then, the company settled the technology development directions and business strategy, which pursues capacitive touch related technology and manufacturing process. To fulfill capacity requests from the customers, and consider the amount of labors for manufacturing production, the company set up factories in Xiamen in 2005.

This company is the leading company in professional touch technology with vertical integrated manufacturing capability, and can provide customers with comprehensive touch solutions, from advanced research and development to product design and mass production, and hence the company can help customers to significantly reduce the lead time and streamline the production process of product development in order to confront the quickly changing electronics industry.

Touch is the most instinctive and humanized means of communication. Among a variety of recent touch technologies, the capacitive touch, which has multi-touch function with outstanding sensitivity and durability, has brought the best user experience to our customers. Capacitive touch related components, touch module and lamination services are TPK’s major business. TPK has the cutting edge touch technology in terms of yield rate and production efficiency, and has the orders from worldwide brand name companies.

The company’s various departments are shown in the following table:

Company’s milestone is shown in following table:

| Date | Milestone |
|---------------|-----------------------------------------------------------------------|
| May 2003 | TPK Touch Solutions Inc. established |
| August 2004 | TPK Touch Solutions (Xiamen) Inc. established |
| November 2005 | This company was established and registered in British Cayman Islands |

| Date | Milestone |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 2005 | Subsidiary Optera Technology (Xiamen) Co., Ltd. established |
| May 2006 | Subsidiary TPK Lens Solutions Inc. established |
| June 2006 | Subsidiary TPK Touch Systems (Xiamen) Inc. established |
| June 2007 | Mass production |
| December 2007 | Passed ISO TL9000/ISO9001:2000 International Quality Certificate |
| April 2008 | Passed ISO 14001:2004 International Quality Certificate |
| May 2009 | Passed ISO IEC17025:2005 International Quality Certificate |
| June 2009 | Import Six Sigma |
| July 2009 | TPK Touch Solutions (Xiamen) Inc. got the certification of China high-tech companies Optera Technology (Xiamen) Co., Ltd. got the certification of China high-tech companies |
| December 2009 | Passed SA8000:2008 International Quality Certificate |
| January 2010 | Board of directors and board of shareholders passed the application to return to Taiwan for the first listing Elected independent director and set Audit Committee |
| March 2010 | TPK Lens Solutions Inc. got the certification of China high-tech companies This company got 50% stock rights of Optera TPK Holding Pte. Ltd. from Magna International (Hong Kong) Limited, and some assets as well as professional team from Optera Inc. |
| April 2010 | Subsidiary Ray-Star Technology (Xiamen) Inc. established Subsidiary Ray-Star Optical Solutions (Xiamen) Inc. established Subsidiary TPK America, LLC established TPK Touch Solutions (Xiamen) Inc. got the title of SA 8000 (Social Accountability 8000) issued by SAI certificate company |
| July 2010 | Handle IPO |
| October 2010 | Stock listing |
| November 2010 | Passed TL9000-H R5.0/R4.0/ISO9001:2008 certificate |
| December 2010 | Subsidiary TPK Asia Pacific Sdn. Bhd established Subsidiary Ray-Star Universal Solutions Limited established Subsidiary TPK Universal Solutions Limited established Chairman Michael Chao-Juei Chiang was awarded Manager Today-2010 MVP Manager President Ta-Min Sun got the title of “Excellent Administrator who cares for employees” issued by work committee of labor union of Xiamen development zone |
| January 2011 | TPK Touch Solutions (Xiamen) Inc. was awarded as 2010 Xiamen excellent high-tech enterprise |
| February 2011 | Subsidiary TPK Glass Solutions (Xiamen) Inc. established Subsidiary TPK Universal Solutions Limited, Taiwan Branch established |

| Date | Milestone |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | TPK Touch Solutions (Xiamen) Inc. was awarded 2010 Xiamen top ten excellent enterprise |
| April 2011 | Optera Technology (Xiamen) Co., Ltd. was awarded Xiamen major enterprise TPK Touch Solutions Inc. office relocated in Neihu Issued the 2011 first overseas unsecured convertible corporate bond Passed ISO14001:2004 certificate Passed ISO9001:2008 certificate Got subsidiary MasTouch Optoelectronics Technologies Co., Ltd. Got subsidiary Ray-Star System Solutions (Xiamen) Inc. Got subsidiary Ray-Star System Solutions Limited |
| May 2011 | Passed the safety certification of German Rheinland Electrical Passed water balance test |
| July 2011 | TPK Universal Solutions Limited purchased 19.9% stock rights of CANDO CORPORATION Got subsidiary CIM Corporation Got subsidiary Hallys Corporation |
| August 2011 | Passed ISO9001 certificate |
| September 2011 | TPK was awarded investment relation prize for IPO in Taiwan CEO Ta-Min Sun was awarded investment relation prize for CEO in Taiwan Chief financial officer Freddie Liu was awarded investment relation prize for chief financial prize in Taiwan |
| October 2011 | TPK Touch Solutions Inc. was awarded best known enterprise by CommonWealth Magazine in Taiwan |
| November 2011 | Set Remuneration Committee TPK Touch Solutions Inc. was awarded 2011 top 20 innovative enterprises in Taiwan by MOEAIDB |
| December 2011 | TPK Touch Solutions Inc. ranked 77th of 500 Asia-Pacific High-Tech, High-Growth Fast Enterprises in 2012 TPK Touch Solutions (Xiamen) Inc. won the Xiamen Science and Technology Progress Award issued by Xiamen Science and Technology Bureau for its thin Layer Projected Capacitive Touch Screen Technology |
| February 2012 | Passed ISO14001-2004 certificate |
| March 2012 | Chief financial officer Freddie Liu was awarded the best chief financial officer |
| April 2012 | Got subsidiary Xiamen Jan Jia Optoelectronics Co., Ltd. Got subsidiary TPK Specialty Materials Limited |
| May 2012 | Subsidiary Hallys Hong Kong Limited established |
| June 2012 | TPK Touch Systems (Xiamen) Inc. was awarded 2012 Xiamen “Water Saving” enterprise Subsidiary TPK Film Solutions Limited established TPK Touch Solutions (Xiamen) Inc. was awarded 2012 most innovative enterprise of China by Chinese Association of Productivity Science |

| Date | Milestone |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | CEO Ta-Min Sun was awarded 2012 excellent innovative entrepreneur by Chinese Association of Productivity Science |
| July 2012 | Subsidiary TPK Film Solutions (Xiamen) Inc. established |
| October 2012 | Issuance of 2012 overseas unsecured convertible corporate bonds and overseas depository receipts |
| November 2012 | Subsidiary Hallys (Xiamen) Inc. Established |
| February 2013 | TPK Holding Co., Ltd. won the company management prize issued by The Asset Magarizonaine |
| | TPK Holding Co., Ltd. was awarded Taiwan Best Deal for its overseas unsecured convertible corporate bonds and overseas depository receipts by The Asset Magarizonaine |
| | Got subsidiary TPK MasTouch Solutions (Xiamen) Inc. |
| | Subsidiary TPK Touch Solutions (Pingtan) Inc. established |
| March 2013 | Passed OHSAS18001:2007 certificate |
| April 2013 | Passed IOS14001:2004 certificate |
| | President Ta-Min Sun was awarded the China top 10 credit entrepreneur by Credit Rating and Certification Center of China Academy of Commerce, the Credit Evaluation Research Center of China Academy of Management Science, the Credit Work Committee of China Market Association and the China Credit Construction Promotion Association. |
| | Subsidiary TPK Cando Solutions Inc. established |
| May 2013 | MasTouch Optoelectronics Technologies Co., Ltd. was bought by TPK Touch Solutions Inc. |
| July 2013 | TPK Holding Co., Ltd. was awarded the third best company in Taiwan by The Asset Magarizonaine |
| | TPK Holding Co., Ltd. won the second prize of best investor relation in Asia issued by The Asset Magarizonaine |
| | President Ta-Min Sun was awarded the third best President in Asia by The Asset Magarizonaine |
| | Chief financial office Freddie Liu was awarded the first best chief financial officer in Asia by The Asset Magarizonaine |
| | Chief financial officer Freddie Liu won the second prize of most professional investor relation in Asia issued by The Asset Magarizonaine |
| | TPK Touch Solutions (Xiamen) Inc. and TPK Touch Systems (Xiamen) Inc. were both awarded the Xiamen Energy Conservation Demonstration Project by Xiamen Municipal Energy Conservation Office and Xiamen Economic Development Bureau. |
| August 2013 | Subsidiary TPK Material Solutions Inc. established |
| October 2013 | TPK Holding Co., Ltd. was awarded 2013 best known photoelectricity enterprise in Taiwan by CommonWealth Magazine |
| | TPK Holding Co., Ltd. signed joint agreement with Nissha Printing Co., Ltd. and Cambrios Technologies Corp. to develop Silver Nanowire together |

| Date | Milestone |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 2013 | <p>Subsidiary Jin Shun Xin Development (Pingtan) Co., Ltd. established</p> <p>TPK Holding Co., Ltd. won the gold metal of management by The Asset Magarizonaine</p> <p>TPK Glass Solutions (Xiamen) Inc. was awarded the safe production standard three qualification enterprise by Xiamen Safety Production Management Association</p> |
| December 2013 | <p>Optera Technology (Xiamen) Co., Ltd., Ray-Star Optical Solutions (Xiamen) Inc. and TPK Touch Systems (Xiamen) Inc. were awarded the safe production standard three qualification enterprises by Xiamen Safety Production Management Association</p> |
| February 2014 | <p>Subsidiary TPK Touch Solutions (Xiamen) Inc. won China Patent Excellence Award for its “Capacitive Touch Circuit Graphics and Its Manufacturing Method” (200910129503.8) issued by the National Intellectual Property Office</p> |
| May 2014 | <p>President Ta-Min Sun won the prize of most influential people in touch screen industry issued by China Communications Industry Association and Nikkei BP</p> <p>TPK Holding Co., Ltd. won the prize of most influential international brands in the touch screen industry issued by China Communications Industry Association and Nikkei BP</p> <p>TPK Touch Solutions Inc. was awarded 1000 enterprises across the Taiwan Straits by Commonwealth Magazine</p> |
| July 2014 | <p>Subsidiary Ray-Star Optical Solutions (Xiamen) Inc. was awarded water saving enterprise by Xiamen Construction and Administration Bureau</p> <p>Subsidiary TPK Advanced Solutions Inc. established</p> <p>Subsidiary TPK Advanced Solutions Inc. established</p> |
| November 2014 | <p>Previous President Ta-Min Sun became Vice Chairman, Yi-Hua Chung was employed as President</p> <p>TPK Holding Co., Ltd. won “Best Quality Award” prize issued by ZTE</p> |
| January 2015 | <p>TPK Holding Co., Ltd. won the 2015 Best Quality Planning Prize issued by ZTE Corporation’s Terminal Business Unit</p> |
| March 2015 | <p>TPK Holding Co., Ltd. won the best investor relation prize issued by FinanceAsia</p> |
| April 2015 | <p>Issue of 2015 overseas unsecured convertible corporate bonds and overseas depository receipts</p> |
| December 2015 | <p>Xiamen Jan Jia Optoelectronics Co., Ltd. purchase the 100% stock right of Jin Tong suzhou Optoelectronics Co., Ltd.</p> <p>Subsidiary TPK Touch Solutions (Xiamen) Inc. was recognized as cross-strait youth entrepreneurship base by Taiwan Work Office of the Central Committee of the Communist Party of China and the Taiwan Affairs Office of the State Council</p> |

| Date | Milestone |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 2016 | Subsidiary TPK Material Solutions Inc. was awarded the excellent enterprise of tax payment of over NTD 10 million in 2015 by the management committee of Fujian Jinjiang Economic Development Zone |
| August 2016 | Subsidiary TPK Touch Solutions (Pingtan) Inc. was awarded “Thirty Model Enterprises“ in the Fujian Province Free Trade Experimental Zone from 2015 to 2016 by the Office of the Leading Group of the China (Fujian) Free Trade Experimental Zone |
| November 2016 | Subsidiary TPK Glass Solutions (Xiamen) Inc. won the third prize of Fire Torque Competition of Xiamen Torch High-tech Zone issued by the Management Committee of Xiamen Torch High-tech Zone |
| January 2017 | TPK Holding Co., Ltd. was awarded 2016 Best Supplier by PEGATRON |
| February 2017 | Subsidiary TPK Material Solutions Inc. was awarded the excellent enterprise of tax payment of over NTD 5 million in 2016 by the management committee of Fujian Jinjiang Economic Development Zone |
| March 2017 | Subsidiary TPK Touch Solutions (Pingtan) Inc. disposed 91% equity of Jinshunxin Development (Pingtan) Co., Ltd. to Rayxin (Pingtan) Investment Co., Ltd. |
| April 2017 | Audit supervisor PEI-CHI WANG was awarded the 26th Excellent Internal Auditor by the Internal Auditing Association of the Republic of China |
| June 2017 | Subsidiary TPK Advanced Solutions Inc. won the second prize of “Torch Cup“ Safety Production Knowledge Competition and the honorary certificate of organization issued by the Xiamen Torch High-tech Zone Management Committee and the Xiamen Development Zone Trade Union. |
| September 2017 | TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc., TPK Glass Solutions (Xiamen) Inc., TPK MasTouch Solutions (Xiamen) Inc., TPK Touch Systems (Xiamen) Inc. and Xiamen Jan Jia Optoelectronics Co., Ltd. were awarded 2017 Xiamen major enterprises by Xiamen Economic informatization and Council |
| September 2017 | Selected Hwai-Hai Chiang as President |
| | Issue 2017 overseas depository receipts |
| January 2018 | Subsidiary Jan Jia Trading Company Limited established |
| March 2018 | Subsidiary TPK Touch Solutions (Xiamen) Inc. got the honorary title of the 2017 Advanced Purchasing Manager Survey issued by the Xiamen Investigation Team of the National Bureau of Statistics. |
| May 2018 | Subsidiary Xiamen Jan Jia Optoelectronics Co., Ltd. disposed the stock right of Jin Tong suzhou Optoelectronics Co., Ltd. for re-investment to Xiamen Jia Chong dream equity investment Partnership (limited partnership) |
| June 2018 | Subsidiary TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc. was awarded the 2017 annual taxpayer enterprise by the Management Committee of Xiamen Torch Hi-Tech Industrial Development Zone |
| | Subsidiary TPK Glass Solutions (Xiamen) Inc. was awarded the 2017 Key Taxpaying Enterprise by the Management Committee of Xiamen Torch Hi-Tech Industrial Development Zone |

| Date | Milestone |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Subsidiary Xiamen Jan Jia Optoelectronics Co., Ltd. won the 2017 Taxation Star Enterprise prize issued by the Management Committee of Xiamen Torch Hi-Tech Industrial Development Zone |
| July 2018 | TPK-KY (3673) is included in the 2017 “Taiwan Corporate Governance 100 Index” by its grade of top 20% corporate governance evaluation results. TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc., TPK Glass Solutions (Xiamen) Inc., TPK MasTouch Solutions (Xiamen) Inc., TPK Touch Systems (Xiamen) Inc. and Xiamen Jan Jia Optoelectronics Co., Ltd. were awarded 2017 Xiamen major enterprises by Xiamen Economic informatization and Council |
| August 2018 | Passed ISO9001:2015 certificate Passed IATF16949:2016 certificate |
| October 2018 | Subsidiary TPK Material Solutions (Xiamen) Inc. established |
| November 2018 | Subsidiary TPK Cando Solutions Inc. closed the liquidation |
| December 2018 | Li-Chien Hsieh was elected as President Subsidiary TPK Touch Solutions (Xiamen) Inc. got second prize of patent for its “pressure detecting device“ issued by Xiamen Government TPK has been independent assessed according to the FTSE4GOOD criteria, and has satisfied the requirements to become a constituent of the FTSE4GOOD TIP Taiwan ESG Index. Demonstrating strong Enviromental, Social and Governance (ESG) practices. |
| January 2019 | Subsidiary TPK Touch Solutions (Xiamen) Inc. won the top ten benchmark projects of corporate financial management in 2018 issued by China Merchants Bank |
| February 2019 | Subsidiary TPK Touch Solutions (Xiamen) Inc. and TPK Advanced Solutions Inc. won the assessment certificate of Integration of Informationization and Industrialization Management System Certificate issued by the Ministry of Industry and Information Technology (MIIT). |
| March 2019 | Subsidiary TPK Touch Solutions (Xiamen) Inc. won the Workers' Home (Four Star) awarded by Xiamen City Federation of Trade Unions. |
| May 2019 | Subsidiary TPK Touch Solutions (Xiamen) Inc. won the sample enterprise of China's foreign trade export index issued by the General Administration of Customs of the People's Republic of China. |
| June 2019 | Chairman Michael Chao-Juei Chiang was awarded the Excellent builders of non-public economy in Fujian Province by the People’s Government of Fujian Province. |
| July 2019 | Subsidiary TPK Touch Solutions (Xiamen) Inc. became the top 500 Chinese patent company, ranking 63 rd . |
| August 2019 | Subsidiary TPK MasTouch Solutions (Xiamen) Inc. won the Laboratory Accreditation Certificate issued by China National Accreditation Service for Conformity Assessment (CNAS). |
| October 2019 | Subsidiary TPK Touch Solutions (Xiamen) Inc. won the Best Customer Focus-Europe from the 2019 Visteon Strategic Supplier Conference. |

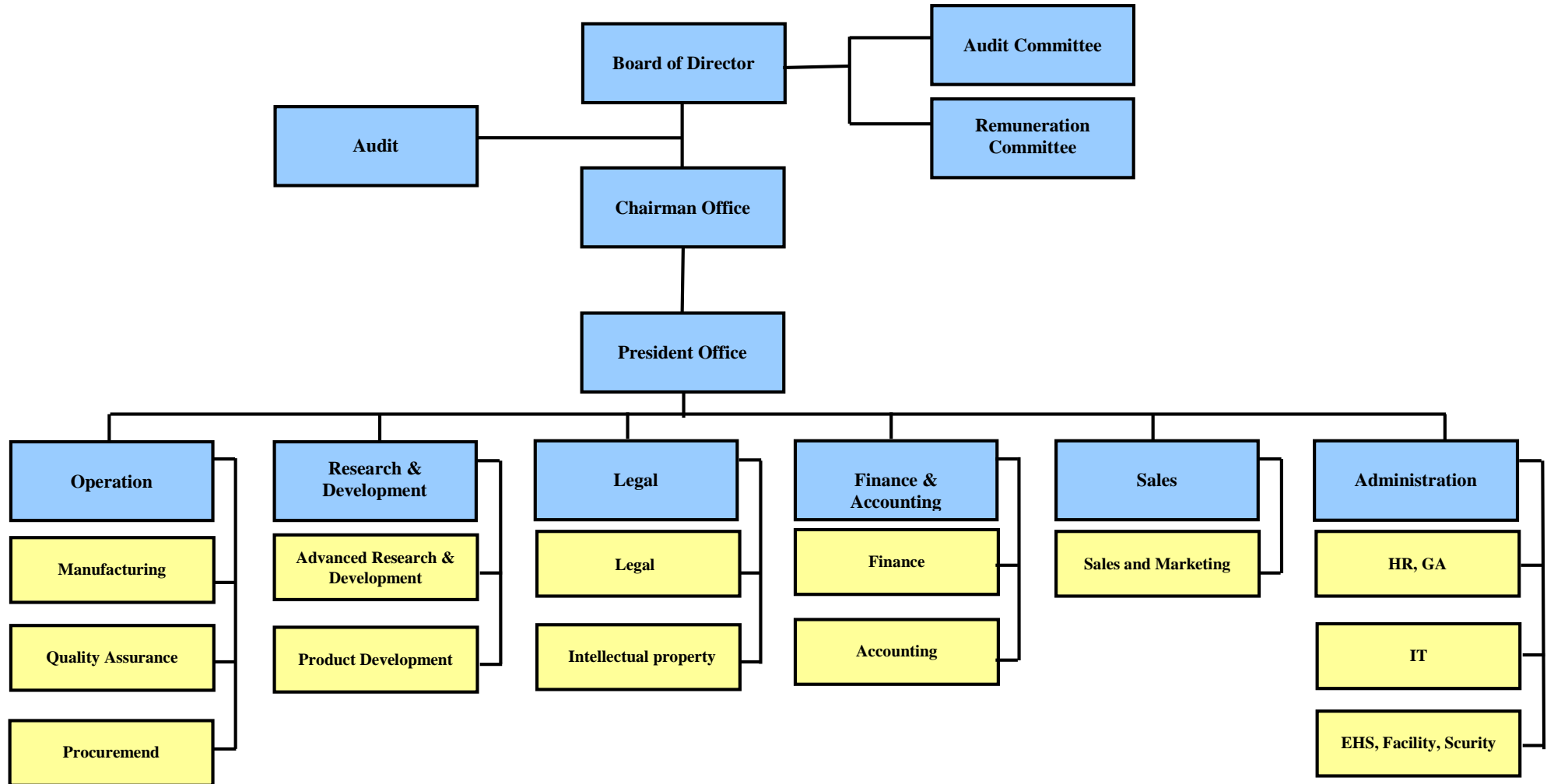
| Date | Milestone |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 2019 | Subsidiary TPK Touch Solutions (Xiamen) Inc. won the 2019 Touch Display Industry Leading Enterprise Award from Shenzhen International Touch and Display Exhibition; Won the Xiamen Key Laboratory of Touch Control issued by Xiamen Science and Technology Bureau. |
| December 2019 | Subsidiary Amplifi Technologies Inc. established. Subsidiary TPK Touch Solutions (Xiamen) Inc. was awarded the 2019 Intellectual Property Demonstration Enterprise by the National Intellectual Property Administration, PRC. Subsidiary TPK Advanced Solutions Inc. won the OUTSTANDING SUPPLIER in 2019 (2019 Best Quality Supplier Award) from Compal Smart Device (ChongQing) Co., LTD; won the 2019 Best Service Award from CD-FATP PSD IDSBG (Chengdu Foxconn) |
| January 2020 | Subsidiary TPK Touch Solutions (Xiamen) Inc. won the Workers' Home (Five Star) awarded by Xiamen City Federation of Trade Unions |
| March 2020 | Subsidiary Amplifi Technologies Inc. Taiwan Branch established |
| April 2020 | Subsidiary Amplifi Tech Hong Kong Co., Limited established |
| June 2020 | Subsidiary TPK Universal Solutions Limited Janpan Branch established TPK Holding Co., Ltd. was awarded “Best Liquidity and Investments Solution in Information Technology industry” of The Asset Triple A Treasury, Trade, SSC and Risk Management Awards 2020 by The Asset. Subsidiary TPK Touch Solutions (Xiamen) Inc., TPK Advanced Solutions Inc., TPK Glass Solutions (Xiamen) Inc., TPK MasTouch Solutions(Xiamen) Inc., and TPK Touch Systems (Xiamen) Inc. were awarded ”Provincial Leading Enterprises of Industry and Informatization in Fujian Province”. |
| November 2020 | Subsidiary TPK Advanced Solutions Inc. and TPK Touch Solutions (Xiamen) Inc. were respectively awarded Top 100 Enterprises in Fujian in 2020, ranked 51 st and 76 th , and Top 100 Manufacturing Enterprises in Fujian in 2020, ranking 25 th and 40 th by Fujian Enterprises and Entrepreneurs Confederation, Fujian Media Group, and Fujian Academy of Social Sciences. Subsidiary TPK Touch Solutions (Xiamen) Inc. was awarded 2020 Touch Pannel Industry Leading Enterprise Annual Award by C-TOUCH&DISPLAY in Shenzhen. Subsidiary TPK Touch Systems (Xiamen) Inc. was awarded Excellent Partnership Award by Microsoft |
| December 2020 | Subsidiary Amplifi Tech (Xiamen) Limited established TPK Group won Technology Innovation Award by Visionox Subsidiary TPK Advanced Solutions Inc. was awarded Best Strategic Partner by FOXCONN |

III. Corporate Governance Report

1. Organization

(1) Organization Chart

As of December 31, 2020



(2) Key duties and functions of major divisions:

| Department | Duties and functions |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman Office | Plan quality policies and objectives for business operation and appoint a main manager to promote business execution. |
| President Office | Execute the decisions made by the board of directors and be responsible for all company affairs. |
| Audit Committee | Assist with supervising the board of directors and strengthen management mechanisms according to the responsibility entrusted by the Company Law and Security Exchange Law. |
| Remuneration Committee | Assist the board of directors with executing and evaluating the company's overall salary and welfare policies, as well as the salary for directors and managers. |
| Audit | Responsible for internal auditing and operation procedures, as well as ensuring they can follow management auditing. |
| Finance & Accounting | Responsible for capital movement, accounting transactions, and strategic investments, as well as implementing company operations, investor relations, and share affairs. |
| Research & Development | Responsible for developing and designing product technology, introducing new equipment/technology, and the trial production, testing, and verification of new products. |
| Operation | Responsible for matters related to production, quality, procurement, and information management, thus achieving annual production plans and objectives. |
| Sales | Responsible for market information collection, product sales, and customer service; develops new market and customers; and responsible for the introduction of new products and maintaining current customers. |
| Administration | Responsible for general affairs and the HR management system, making full use of organization and human resources, and ensuring good logistic support and harmonious labor-capital relationships. |
| Legal | Responsible for legal affairs and application for and maintenance of relative patents. |

2. Director, Supervisor, President, Vice President, Assistant Vice President, departments, and branch heads

(1) Directors' names, shareholding, and education/experience background (this company does not have a Supervisor set.)

April 10, 2021

| Position | Nationality/ registered address | Name | Gender | Elected Date | Term year | Date of the initial election | Shareholding when elected | | Present shareholding | | Present shareholding of spouse & minor children | | Shares held in another name | | Major Education/Experience Background | Current position in this company and in other company | With spouse or 2 nd degree relative who are a supervisor, Director or Supervisor | | | Remarks (Note 11) |
|----------|---------------------------------------|----------------------------------------------------|--------|-----------------|--------------|-------------------------------------------|------------------------------|--------------------------|----------------------|--------------------------|----------------------------------------------------------|--------------------------|--------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------|-------------------|-------------------------|
| | | | | | | | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | | | Position | Name | Relation | |
| Chairman | Canada | Michael Chao- Juei Chiang | M | 2019/05/16 | 3 | 2006/10/20 | 17,720,401 | 4.36% | 17,720,401 | 4.36% | — | — | 100,000 | 0.02% | Business Administration, Fu Jen Catholic University TVM Corporation - Chairman Taiwan Video & Monitor Corporation - President | Note 1 | Director | Foster Chiang | father and son | |
| Director | Canada | Foster Chiang (Note 2) | M | 2019/05/16 | 3 | 2013/05/22 | — | — | — | — | — | — | — | — | Double Master Degree of International Research and Business Administration of Pennsylvania State University Lehman Brothers (Hong Kong) Inc. - Global Analyst Nomura Securities (Hong Kong) Limited. - Global Analyst | Note 2 | Chairman | Michael Chao- Juei Chiang | father and son | |
| Director | Samoa | Capable Way Investments Limited (Note 10) | — | 2019/05/16 | 3 | 2010/01/08 | 23,139,855 | 5.69% | 23,139,855 | 5.69% | — | — | — | — | Master of Business Administration (MBA), Duke University Lite-On Technology Corporation, Portable Image Device SBG - Chief Operation Officer Lite-On Young Fast Co. - President | Note 3 | — | — | — | |
| | Taiwan | Representative: Li-Chien Hsieh | M | | | | — | — | — | — | — | — | — | — | | | | | | |
| Director | Samoa | Max Gain Management Limited (Note 10) | — | 2019/05/16 | 3 | 2005/11/21 (2005/11/21~ 2006/10/20) | 25,222,643 | 6.20% | 25,222,643 | 6.20% | — | — | — | — | Mechanical and Electrical Engineering, China University of Science and Technology Manufacturing department (China) of Tupo Optoelectronics Incorporated - Assistant Manager Research departments of Chief Industrial Inc.-Assistant Manager | Note 4 | — | — | — | |
| | Taiwan | Representative: Heng-Yao Chang | M | | | | 543,643 | 0.13% | 543,643 | 0.13% | — | — | — | — | | | | | | |

| Position | Nationality/ registered address | Name | Gender | Elected Date | Term year | Date of the initial election | Shareholding when elected | | Present shareholding | | Present shareholding of spouse & minor children | | Shares held in another name | | Major Education/Experience Background | Current position in this company and in other company | With spouse or 2 nd degree relative who are a supervisor, Director or Supervisor | | | Remarks (Note 11) |
|-------------------------|---------------------------------------|---------------------------------------------------------|--------|-----------------|--------------|------------------------------------|------------------------------|--------------------------|----------------------|--------------------------|----------------------------------------------------------|--------------------------|--------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------|----------|-------------------------|
| | | | | | | | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | | | Position | Name | Relation | |
| Director | Samoa | High Focus Holdings Limited (Note 10) | — | 2019/05/16 | 3 | 2010/01/08 | 13,273,610 | 3.26% | 13,273,610 | 3.26% | — | — | — | — | Mechanical Engineering, Feng Chia University Business development at Green Point Incorporated Company - Director | Note 5 | — | — | — | |
| | Taiwan | Representative: Tsung-Liang Tsai | M | | | | 50,372 | 0.01% | 50,372 | 0.01% | — | — | — | — | | | | | | |
| Director | Samoa | Global Yield International Co., Ltd. (Note 10) | — | 2019/05/16 | 3 | 2016/05/27 | 1,114,000 | 0.27% | 1,114,000 | 0.27% | — | — | — | — | Mechanical Engineering , National Chin-Yi University of Technology Quality assurance at TVM (PRC) Corporation- Assistant Vice President Amkor Co. Ltd.- Assistant Vice President | Note 6 | — | — | — | |
| | Taiwan | Representative: Shih-Ming Liu | M | | | | 70,945 | 0.02% | 70,945 | 0.02% | — | — | — | — | | | | | | |
| Independent Director | Taiwan | Horng-Yan Chang | M | 2019/05/16 | 3 | 2010/01/08 | — | — | — | — | — | — | — | — | Master of Business Administration (MBA), APC degree in Accounting, St. John's University Interplex Industries Inc., New York, USA - Deputy Chief Financial Officer and Assistant Chief Controller Department of Business Administration, Soochow University, Taiwan - Adjunct Associate Professor Department of Communications Management, Shih Hsin University, Taiwan - Full-time Associate Professor | Note 7 | — | — | — | |
| Independent Director | Taiwan | Fong-Nien Chiang | M | 2019/05/16 | 3 | 2013/05/22 | — | — | — | — | — | — | — | — | Master of Political Economy, University of Texas at Dallas Trend Micro Incorporated- General Manager SINA.COM ONLINE. - CEO SINA Corporation - Chairman | Note 8 | — | — | — | |
| Independent Director | Taiwan | Ming-Jeng Weng | M | 2019/05/16 | 3 | 2013/05/22 | 323 | 0.00% | — | — | — | — | — | — | MBA, University of Southern California Citi Bank- Vice President | Note 9 | — | — | — | |

| Position | Nationality/ registered address | Name | Gender | Elected Date | Term year | Date of the initial election | Shareholding when elected | | Present shareholding | | Present shareholding of spouse & minor children | | Shares held in another name | | Major Education/Experience Background | Current position in this company and in other company | With spouse or 2 nd degree relative who are a supervisor, Director or Supervisor | | | Remarks (Note 11) |
|----------|---------------------------------------|------|--------|-----------------|--------------|------------------------------------|------------------------------|--------------------------|----------------------|--------------------------|----------------------------------------------------------|--------------------------|--------------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------|----------|-------------------------|
| | | | | | | | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | | | Position | Name | Relation | |
| | | | | | | | | | | | | | | | Salomon Smith Barney Inc. Taipei Branch, Citi Group- General Manager Lehman Brothers Securities Taiwan Ltd.- Chairman Nomura International (Hong Kong) Limited, Taipei Branch -Managing Director | | | | | |

Note 1: Michael Chao-Juei Chiang's current position in this company and in other company: TPK Touch Solutions Inc.-Chairman, TPK Touch Solutions (Xiamen) Inc.-Executive Director, TPK Glass Solutions (Xiamen) Inc.-Executive Director, Trend Trading (Xiamen) Inc.-Executive Director, TPK Touch Systems (Xiamen) Inc.-Executive Director, TPK Touch Solutions (Pingtan) Inc.-Executive Director, TPK Advanced Solutions Inc.-Chairman, TPK Film Solutions (Xiamen) Inc.-Executive Director, Improve Idea Investments Ltd.-Director, TPK Asia Pacific Sdn. Bhd.-Director, Ray-Star Universal Solutions Limited-Director, TPK Universal Solutions Limited-Director, TPK Universal Solutions Limited Taiwan Branch-Manager, TPK Film Solutions Limited-Director, Upper Year Holdings Limited-Director, Optera TPK Holding Pte. Ltd.-Director, TPK America, LLC-Manager, TES Touch Embedded Solutions Inc.-Director, TES Technology (Hong Kong) Limited-Director, TES Touch Embedded Solutions (Xiamen) Co.,Ltd.-Director, TES Trading(Xiamen)Co.,Ltd-Director, Champ Great Int'l Corporation-Director, Digitalking Technology Limited-Director, First Way Investments Limited-Director, Global Excellent Trading Co., Ltd. -Director, Cambrios Film Solutions Corporation-Director, Cambrios Film Solutions (Hong Kong) Limited-Director, CAM International (Hong Kong) Limited -Director, YING KUAN LIMITED -Director and Representative, Panshi Company Limited -Director and Representative, and Chuan Juei Investment Co. Ltd. -Manager, 33 in total.

Note 2: Foster Chiang resigned on August 18, 2020.

Note 3: Li-Chien Hsieh's current position in this company and in other company: President of the Company, TPK Touch Solutions (Xiamen) Inc- President, TPK Glass Solutions (Xiamen) Inc.- President, Trend Trading (Xiamen) Inc.- President, TPK Touch Systems (Xiamen) Inc.- President, TPK Advanced Solutions Inc.-Director and President, and Xiamen Jan Jia Optoelectronics Co., Ltd.- Chairman, 7 in total.

Note 4: Heng-Yao Chang doesn't hold a position in this company and other company.

Note 5: Tsung-Liang Tsai's current position in this company and other company: Senior Vice President of the Company, 1 in total.

Note 6: Shih-Ming Liu's current position in this company and in other company: Senior Vice President of the Company, TPK Film Solutions (Xiamen) Inc.- President, TPK MasTouch Solutions(Xiamen) Inc.-Executive Director and President, TPK Touch Solutions (Pingtan) Inc.- President, TPK Material Solutions Inc.-Supervisor, TPK Advanced Solutions Inc.-Director, and TPK Material Solutions (Xiamen) Inc.-Manager, 7 in total.

Note 7: Horng-Yan Chang's current position in this company and in other company: Soft-World International Corporation-Supervisor, LU HAI HOLDING CORP. - Independent Director, Department of Communications Management and Department of Business Administration, Shih Hsin University, Taiwan - Full-time Professor (Joint Appointment), 3 in total.

Note 8: Fong-Nien Chiang's current position in this company and in other company: Purestone Capital Group-Chairman and Standard Foods Corporation -Independent Director, 2 in total.

Note 9: Ming-Jeng Weng's current position in this company and in other company: Millerful Capital Partners Inc.- Senior Partner, Lion Travel Service Co., Ltd.-Director, Egis Technology Inc. -Independent Director, and United Renewable Energy Co., Ltd -Independent Director, 4 in total.

Note 10: FINI name of Taiwan-Max Gain Management Limited: Yuanta Bank in custody for Max Gain Management Limited. ; Capable Way Investments Limited: CTBC BANK CO., LTD in custody for Capable Way Investments Limited. ; High Focus Holdings Limited: HSBC Bank (Taiwan) Limited in custody for High Focus Holdings Limited. ; Global Yield International Co., Ltd.: CTBC BANK CO., LTD in custody for Global Yield International Co., Ltd..

Note 11: The chairman and the general manager or the equivalent (the top manager) are the same person, and are spouses or relatives of one parent: none.

1. Main Shareholders of Juridical Person

April 10, 2021

| Name of Juridical Person | Main Shareholders of Juridical Person | Ratio of shareholding (%) |
|--------------------------------------|----------------------------------------------|----------------------------------|
| Capable Way Investments Limited | Digitalking Technology Limited | 100% |
| Max Gain Management Limited | Champ Great Int'l Corporation | 100% |
| High Focus Holdings Limited | Champ Great Int'l Corporation | 100% |
| Global Yield International Co., Ltd. | Digitalking Technology Limited | 100% |

Note: Taiwan FINI Account Name: Capable Way Investments Limited is the Capable Way special account for investment entrusted by CTBC Bank Co., Ltd.; Max Gain Management Limited is the Max Gain special account for investment entrusted by Yuanta Commercial Bank Co., Ltd.; High Focus Holdings Limited is the High Focus special account for investment entrusted by HSBC Bank (Taiwan) Limited; Global Yield International Co., Ltd. is the special account for investment of Global Yield International Co. Ltd. entrusted by CTBC Bank Co., Ltd. .

2. The above Main shareholder is juridical person

April 10, 2021

| Name of Juridical Person | Main Shareholder of Juridical Person | Ratio of shareholding (%) |
|---------------------------------|---------------------------------------------|----------------------------------|
| Champ Great Int'l Corporation | Champ Great Management Co., Ltd. | 100% |
| Digitalking Technology Limited | Champ Great Management Co., Ltd. | 100% |

3. Professional expertise and independent of Director and Supervisor (Supervisor is not set in this company)

April 10, 2021

| Name | Condition | Whether having hands-on experience for a minimum of five years? | | | Detachment | | | | | | | | | | | | Number of companies where the person also acts as an Independent Director |
|-----------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------|---|---|---|---|---|---|---|---|----|----|----|---------------------------------------------------------------------------|
| | | At least a lecture from a private or public college or university in the discipline of business, law, finance, accounting or other subjects in demand by this company | Passed the public examination and licensed in a special profession and technology, like that of a judge, public prosecutor, attorney, accountant or others as in demand by this company | Required experience in business, law, finance, accounting and others as in demand by this company | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| Michael Chao-Juei Chiang | | | ✓ | ✓ | | | | | | ✓ | ✓ | | ✓ | | ✓ | ✓ | 0 |
| Capable Way Investments Limited Representative: Li-Chien Hsieh | | | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | 0 |
| Max Gain Management Limited Representative: Heng-Yao Chang | | | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | 0 |
| High Focus Holdings Limited Representative: Tsung-Liang Tsai | | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | 0 |
| Global Yield International Co., Ltd. Representative: Shih-Ming Liu | | | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | 0 |
| Horng-Yan Chang | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 |
| Fong-Nien Chiang | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 |
| Ming-Jeng Weng | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 |

Note: Please add "✓" in the field under each criteria number if the director meets the criteria two years prior to being elected and during his/her term of service.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (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 issued 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 a managerial officer under (1) or any of the persons under (2) and (3).

- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.).
- (6) Not a director, supervisor, or employee of other company if a majority of the company's director seats or voting shares and those of that other company are controlled by the same person. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.).
- (7) Not a director, supervisor, or employee of other company or institution if the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at that other company or institution are the same person or are spouses.
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (Do not apply in cases where the specified company or institution holds more than 20 percent but less than 50 percent of the Company's issued shares and are the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or a relative within the second degree of kinship to any director.
- (11) Not been involved in any of situations defined in Article 30 of the Company Act.
- (12) Not elected on behalf of a government agency or corporate or as a representative of these organizations as defined in Article 27 of the Company Act.

(2) President, Vice President, Assistant Vice President, department and branch heads (Assistant Vice President is not available in this company):

April 10, 2021

| Position | Nationality | Name | Gender | Elected date | Shareholding | | Shareholding of spouse and minor children | | Shares held in another's name | | Major Education/Experience Background | Current position in other company | With spouse or 2 nd degree relative who are a president or vice president | | | Remarks |
|-----------------------|-------------|------------------|--------|--------------|--------------|-----------------------|-------------------------------------------|-----------------------|-------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------|----------|---------|
| | | | | | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | | | Position | Name | Relation | |
| President | Taiwan | Li-Chien Hsieh | M | 2018/12/01 | — | — | — | — | — | — | Master of Business Administration (MBA), Duke University Lite-On Technology Corporation, Portable Image Device SBG - Chief Operation Officer Lite-On Young Fast Co. - President | TPK Holding Co., Ltd.- Representative of Corporate Director TPK Touch Solutions (Xiamen) Inc.-President TPK Glass Solutions (Xiamen) Inc.-President Trend Trading (Xiamen) Inc.-President TPK Touch Systems (Xiamen) Inc.-President TPK Advanced Solutions Inc.-Director and President Xiamen Jan Jia Optoelectronics Co., Ltd-Chairman | — | — | — | |
| Senior Vice President | Taiwan | Tsung-Liang Tsai | M | 2006/11/06 | 50,372 | 0.01% | — | — | — | — | Mechanical Engineering, Feng Chia University Business development at Green Point Incorporated Company -Director | TPK Holding Co., Ltd.- Representative of Corporate Director | — | — | — | |
| Senior Vice President | Taiwan | Shih-Ming Liu | M | 2006/01/02 | 70,945 | 0.02% | — | — | — | — | Mechanical Engineering , National Chin-Yi University of Technology Quality assurance at TVM (PRC) Corporation- Assistant Vice President Amkor Co. Ltd.- Assistant Vice President | TPK Holding Co., Ltd.- Representative of Corporate Director TPK Film Solutions (Xiamen) Inc.-President TPK MasTouch Solutions(Xiamen) Inc.- Executive Director and President | — | — | — | |

| Position | Nationality | Name | Gender | Elected date | Shareholding | | Shareholding of spouse and minor children | | Shares held in another's name | | Major Education/Experience Background | Current position in other company | With spouse or 2 nd degree relative who are a president or vice president | | | Remarks |
|-----------------------|-------------|-------------|--------|--------------|--------------|-----------------------|-------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------|----------|---------|
| | | | | | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | | | Position | Name | Relation | |
| | | | | | | | | | | | | TPK Touch Solutions (Pingtan) Inc.-President TPK Material Solutions Inc.-Supervisor TPK Advanced Solutions Inc.-Director TPK Material Solutions (Xiamen) Inc.-President | | | | |
| Senior Vice President | Taiwan | Freddie Liu | M | 2009/09/01 | 433,498 | 0.11% | — | — | — | — | Master of Business Administration, University of Michigan ASE Group-Vice President of Finance Citibank- Vice President of Unit Head | TPK Touch Solutions (Xiamen) Inc.-Supervisor TPK Glass Solutions (Xiamen) Inc.-Supervisor Trend Trading (Xiamen) Inc.-Supervisor TPK Touch Systems (Xiamen) Inc.-Supervisor TPK MasTouch Solutions(Xiamen) Inc.-Supervisor TPK Touch Solutions (Pingtan) Inc.-Supervisor TPK Advanced Solutions Inc.-Supervisor TPK Film Solutions (Xiamen) Inc.-Supervisor TPK Asia Pacific Sdn. Bhd.-Director Ray-Star Universal Solutions Limited-Director | — | — | — | |

| Position | Nationality | Name | Gender | Elected date | Shareholding | | Shareholding of spouse and minor children | | Shares held in another's name | | Major Education/Experience Background | Current position in other company | With spouse or 2 nd degree relative who are a president or vice president | | | Remarks |
|-----------------------|-------------|-------------------|--------|--------------|--------------|-----------------------|-------------------------------------------|-----------------------|-------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------|----------|---------|
| | | | | | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | | | Position | Name | Relation | |
| | | | | | | | | | | | | Optera TPK Holding Pte Ltd.-Director Xiamen Jan Jia Optoelectronics Co., Ltd.-Supervisor TPK Material Solutions (Xiamen) Inc.-Supervisor EDOM Technology Co., Ltd.-Independent Director Just Kitchen Holdings Corp. - Director | | | | |
| Senior Vice President | Taiwan | Ming-Chung Chuang | M | 2018/10/09 | 5,000 | 0.00% | — | — | — | — | Institute of Electronics Engineering, National Tsing Hua University Wistron Corporation - TFT LCM OEM and ODM Department Supervisor of Optoelectronics Division Industrial PC Electronics Inc.- Executive Vice General Manager of China Agilent Technologies- Supervisor of China/HongKong/Taiwan HP Inc. - Department manager | — | — | — | — | |
| Senior Vice Presiden | Taiwan | Jen-I Tai | M | 2014/12/16 | — | — | — | — | — | — | Department of Law, Soochow University Canatu Oy Ltd.- Director of China Lite On Young Fast (Huizhou) Co.,Ltd.-Chief Operating Officer Imagic Technology Co.,Ltd.- Vice General Manager | Xiamen Jan Jia Optoelectronics Co., Ltd-Director Amplifi Tech (Xiamen) Limited.-Executive Director | — | — | — | |

| Position | Nationality | Name | Gender | Elected date | Shareholding | | Shareholding of spouse and minor children | | Shares held in another's name | | Major Education/Experience Background | Current position in other company | With spouse or 2 nd degree relative who are a president or vice president | | | Remarks |
|--------------------|-------------|------------------------|--------|--------------|--------------|-----------------------|-------------------------------------------|-----------------------|-------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------|------|----------|---------|
| | | | | | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | | | Position | Name | Relation | |
| Vice President | Taiwan | Pei-Ching Tsai (Note1) | F | 2020/02/21 | 14,264 | 0.00% | 6,000 | 0.00% | — | — | Master of Finance, Saint Louis University. TPK Touch Solutions Inc- Senior Director of Finance Division TVM Corp.- Assistant Vice President of Finance and Accounting Division TAIWAN VIDEO & MONITOR CORP.-Manager of Finance Division | — | | | | |
| Accountant Officer | Taiwan | Hu-Yao Lin | M | 2017/09/01 | — | — | — | — | — | — | Master of Accounting, Soochow University Manz Taiwan Ltd. - Manager of Accounting Department | — | — | — | — | |
| Vice President | Taiwan | Jong-Yih Chen (Note2) | M | 2017/09/01 | — | — | — | — | — | — | MBA, The City University of New York TPK Touch Solutions Inc- Senior Director of Finance and Accounting Division MasTouch Optoelectronics Technologies Co., Ltd.- Director of Finance Division & CFO | — | — | — | — | |
| Vice President | Taiwan | Yu-Sheng Kai (Note3) | M | 2014/11/04 | — | — | — | — | — | — | MBA, Rutgers, The State University of New Jersey TVM Corp.-Chief Investment Officer, Department of Investment Citigroup Venture Capital International Asia Limited- Director Canadian Imperial Bank of Commerce- Vice President | Jenisa Biotechnology Corp -Director | — | — | — | |

| Position | Nationality | Name | Gender | Elected date | Shareholding | | Shareholding of spouse and minor children | | Shares held in another's name | | Major Education/Experience Background | Current position in other company | With spouse or 2 nd degree relative who are a president or vice president | | | Remarks |
|----------|-------------|------|--------|--------------|--------------|-----------------------|-------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------|------|----------|---------|
| | | | | | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | | | Position | Name | Relation | |
| | | | | | | | | | | | The Sanwa Bank Limited, New York Branch - Vice President | | | | | |

Note 1: Appointed of Financial Executive on Febuary 21, 2020.

Note 2: Discharged of Financial Executive on Febuary 21, 2020, and resigned on Febuary 29, 2020.

Note 3: Yu-Sheng Kai resigned on June 30, 2020

3. Remuneration of the Director, Supervisor, President and Vice President

(1) Remuneration of Director and Independent Director

Unit: NT\$1,000

| Position | Name | Remuneration of Director | | | | | | | | The ratio of the total amount of A, B, C and D to the net profit after tax (%) | | Remuneration in the capacity as an employee | | | | | | | | The proportion of A, B, C, D, E, F, and G in the total net profit after tax (%) | | Remuneration from an Invested Company Other than the Company's Subsidiary or parent Company |
|----------------------|--------------------------------------------------------------------|--------------------------|------------------------------------------------|-------------|------------------------------------------------|------------------------------|------------------------------------------------|-----------------------|------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------|------------------------------------------------|-------------|------------------------------------------------|----------------------|-------|------------------------------------------------|-------|---------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------|
| | | Remuneration (A) | | Pension (B) | | Remuneration of Director (C) | | Professional fees (D) | | | | Salary, bonus & other fees (E) | | Pension (F) | | Employee Rewards (G) | | | | | | |
| | | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The company | | All companies included in the financial report | | The Company | All companies included in the financial report | |
| | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Chairman | Michael Chao-Juei Chiang | - | - | - | - | 4,263 | 4,263 | 138 | 138 | 0.43% | 0.43% | - | 27,529 | - | - | - | - | - | - | 0.43% | 3.10% | - |
| Director | Foster Chiang(Note) | | | | | | | | | | | | | | | | | | | | | |
| Director | Capable Way Investments Limited Representative: Li-Chien Hsieh | | | | | | | | | | | | | | | | | | | | | |
| Director | Max Gain Management Limited Representative: Heng-Yao Chang | | | | | | | | | | | | | | | | | | | | | |
| Director | High Focus Holdings Limited Representative: Tsung-Liang Tsai | | | | | | | | | | | | | | | | | | | | | |
| Director | Global Yield International Co., Ltd. Representative: Shih-Ming Liu | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Horng-Yan Chang | - | - | - | - | 5,329 | 5,329 | 72 | 72 | 0.52% | 0.52% | - | - | - | - | - | - | - | 0.52% | 0.52% | - | |
| Independent Director | Fong-Nien Chiang | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Independent Director | Ming-Jeng Weng | | | | | | | | | | | | | | | | | | | | |
| <p>1. Please describe Independent Directors' remuneration policies, procedures, standards, structure and connection between the amount of remuneration according to the responsibilities, risks, time spent and other factors: Independent directors' remuneration is base on participation in the Company's operations and the individual contribution. The board of directors offer a fair remuneration according to the company's operating performance, risks of future and trends, also refer to domestic and foreign market standards.</p> <p>2. In addition to the above table, Directors remunerations earned by providing services (i.e. non-employee consulting services) to all consolidated entertites in the financial statements: None</p> <p>Note: Foster Chiang resigned on August 18, 2020.</p> | | | | | | | | | | | | | | | | | | | | | |

(2)Range of Remuneration to Director (include Independent Director)

Unit: NT\$

| Range of Remuneration to Directors | Name of Director | | | |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| | Total Remuneration Amount (A+B+C+D) | | Total Remuneration Amount (A+B+C+D+E+F+G) | |
| | The company | All companies included in the financial report (H) | The company | All companies included in the financial report (I) |
| Below NT\$ 1,000,000 | Michael Chao-Juei Chiang, Foster Chiang, Capable Way Investments Limited, Max Gain Management Limited, High Focus Holdings Limited, Global Yield International Co., Ltd. | Michael Chao-Juei Chiang, Foster Chiang, Capable Way Investments Limited, Max Gain Management Limited, High Focus Holdings Limited, Global Yield International Co., Ltd. | Michael Chao-Juei Chiang, Foster Chiang, Capable Way Investments Limited, Max Gain Management Limited, High Focus Holdings Limited, Global Yield International Co., Ltd. | Michael Chao-Juei Chiang, Max Gain Management Limited |
| NT\$ 1,000,000 (include)~ 2,000,000 (not include) | Horng-Yan Chang, Fong-Nien Chiang, Ming-Jeng Weng | Horng-Yan Chang, Fong-Nien Chiang, Ming-Jeng Weng | Horng-Yan Chang, Fong-Nien Chiang, Ming-Jeng Weng | Horng-Yan Chang, Fong-Nien Chiang, Ming-Jeng Weng, Foster Chiang |
| NT\$ 2,000,000 (include)~ 3,500,000 (not include) | — | — | — | — |
| NT\$ 3,500,000 (include)~ 5,000,000 (not include) | — | — | — | Global Yield International Co., Ltd. |
| NT\$ 5,000,000 (include)~ 10,000,000 (not include) | — | — | — | High Focus Holdings Limited |
| NT\$ 10,000,000 (include)~ 15,000,000 (not include) | — | — | — | — |
| NT\$ 15,000,000 (include)~ 30,000,000 (not include) | — | — | — | Capable Way Investments Limited |
| NT\$ 30,000,000 (include)~ 50,000,000 (not include) | — | — | — | — |
| NT\$ 50,000,000 (include)~ 100,000,000 (not include) | — | — | — | — |
| Above NT\$ 100,000,000 | — | — | — | — |
| Total | 9 | 9 | 9 | 9 |

(3)Remuneration of Supervisor: Supervisor is not set in this company, thus it is not applicable.

(4) Remuneration of President and Vice President

Unit: NT\$ thousands

| Position | Name | Salary (A) | | Pension (B) | | Bonus and extraordinary charge (C) | | Employee Rewards (D) | | | | The ratio of the total amount of A, B, C and D to the net profit after tax (%) | | Remuneration from an Invested Company Other than the Company's Subsidiary or parent Company |
|-----------------------|-------------------------|-------------|------------------------------------------------|-------------|------------------------------------------------|------------------------------------|------------------------------------------------|----------------------|-------|------------------------------------------------|-------|--------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------|
| | | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | | All companies included in the financial report | | The Company | All companies included in the financial report | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| President | Li-Chien Hsieh | - | 38,513 | - | - | - | 34,336 | - | - | - | - | - | 7.06% | - |
| Senior Vice President | Tsung-Liang Tsai | | | | | | | | | | | | | |
| Senior Vice President | Shih-Ming Liu | | | | | | | | | | | | | |
| Senior Vice President | Freddie Liu | | | | | | | | | | | | | |
| Senior Vice President | Ming-Chung Chung | | | | | | | | | | | | | |
| Senior Vice President | Jen-I Tai | | | | | | | | | | | | | |
| Vice President | Pei-Ching Tsai (Note 2) | | | | | | | | | | | | | |
| Accountant Officer | Hu-Yao Lin | | | | | | | | | | | | | |
| Vice President | Jong-Yih Chen (Note 2) | | | | | | | | | | | | | |
| Vice President | Yu-Sheng Kai (Note 2) | | | | | | | | | | | | | |
| Vice Chairman | Foster Chiang (Note 2) | | | | | | | | | | | | | |

Note 1: The remunerations disclosed in this table are different from incomes defined in Income Tax, thus this table is only used for information disclosure but not for tax.

Note 2: Pei-Ching Tsai appointed on February 21, 2020. Jong-Yih Chen was relieved of his duty as of February 21, 2020, and resigned on February 29, 2020.

Yu-Sheng Kai resigned on June 30, 2020. Foster Chiang resigned on August 18, 2020.

Note 3: As of December 31, 2020.

(5)Range of Remuneration of President and Vice President

Unit: NT\$

| Range of Remuneration to President and Vice President | Name of President and Vice President | |
|---------------------------------------------------------|--------------------------------------|----------------------------------------------------|
| | The company | All companies included in the financial report (E) |
| Below NT\$ 1,000,000 | — | Jong-Yih Chen |
| NT\$ 1,000,000 (include)~ 2,000,000 (not include) | — | Foster Chiang |
| NT\$ 2,000,000 (include)~ 3,500,000 (not include) | — | Hu-Yao Lin |
| NT\$ 3,500,000 (include)~ 5,000,000 (not include) | — | Shih-Ming Liu, Pei-Ching Tsai, Yu-Sheng Kai |
| NT\$ 5,000,000 (include)~ 10,000,000 (not include) | — | Freddie Liu, Tsung-Liang Tsai, |
| NT\$ 10,000,000 (include)~ 15,000,000 (not include) | — | Ming-Chung Chuang, Jen-I Tai |
| NT\$ 15,000,000 (include)~ 30,000,000 (not include) | — | Li-Chien Hsieh |
| NT\$ 30,000,000 (include)~ 50,000,000 (not include) | — | — |
| NT\$ 50,000,000 (include)~ 100,000,000 (not include) | — | — |
| Above NT\$ 100,000,000 | — | — |
| Total | — | 11 |

(6)Employee's rewards paid to managers, the names and allocation: None

(7)Separately compare and describe total remuneration as a percentage of net income as paid by this company, and by each other company included in the consolidated financial statements, during the past two fiscal years to its Director, Supervisor, President, and Vice President, and analyze and describe remuneration policies, standards, and packages, the procedure for setting remuneration, and relationships with performance and future risks (this company does not have a Supervisor).

1. Analysis of the proportion of the total remuneration paid by the company and all companies to its director, supervisor, president, and vice president in net income.

Unit: NT\$ thousands

| Item | Ratio of total remuneration paid to directors, supervisors, president and vice presidents to net income. | | | |
|------------------------------|----------------------------------------------------------------------------------------------------------|--------|--------|-------|
| | 2019 | | 2020 | |
| | Amount | % | Amount | % |
| Director | 3,618 | 1.73% | 9,802 | 0.95% |
| President and Vice President | 74,219 | 35.53% | 72,849 | 7.06% |

Note: Net Income attributed to parent company in 2020 and in 2019 amounted to NT\$1,031,323 thousands and NT\$208,882 thousands respectively.

2. Policy, standards, and portfolio of remuneration paid, procedure for remuneration formulated and relationship with operation performance and future risks
- (1) In accordance with the amendments to the Company Act announced in May 2015, and the annual shareholders' meeting resolved to the amendment in the Articles on May 29, 2018, the Company accrued employees' compensation and remuneration of directors at rates of no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. If the Company has losses of previous years, net profit before income tax should be retained for offsetting the amount of those losses.
- (2) The remuneration of the Director will be paid according to the service scope and value of this Director to the company and in line with like companies in the R.O.C and abroad. Meanwhile, the board performance evaluation has been conducted each year. The Company shall base its determination of an individual director's remuneration on the evaluation results of his or her performance. The criteria for evaluating the performance of the board of directors which the following five aspects: participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control. The criteria for evaluating the performance of the board members which the following six aspects: alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.
- (3) The remuneration paid to the managerial officers over the past two years is divided into salaries and bonuses. Reasonable remuneration shall be distributed in consideration of the company's operating results, risk and development trends in the industry, and personal performance and contribution to the company's operating results. Evaluation of performance and reasonable of remuneration shall be reviewed by the Remuneration Committee and the board of directors and may be adjusted in a timely manner according to the operations and related law and regulations, so as to achieve the company's sustainable development and risk management.

4. Implementation of Corporate Governance

(1) Operation of the Board of Directors:

The Board of Directors had convened 5 times (A) from 2020 to April 10, 2021.

Attendance records are as follows:

| Position | Name | Actual attendance (B) | Attendance through proxy | Actual attendance ratio (%) (B/A) | Remarks (Note) |
|----------------------|--------------------------------------------------------------------|-----------------------|--------------------------|-----------------------------------|------------------------------|
| Chairman | Michael Chao-Juei Chiang | 5 | 0 | 100% | |
| Director | Foster Chiang | 3 | 0 | 100% | Resigned on August 18, 2020. |
| Director | Capable Way Investments Limited Representative: Li-Chien Hsieh | 5 | 0 | 100% | |
| Director | Max Gain Management Limited Representative: Heng-Yao Chang | 5 | 0 | 100% | |
| Director | High Focus Holdings Limited Representative: Tsung-Liang Tsai | 5 | 0 | 100% | |
| Director | Global Yield International Co., Ltd. Representative: Shih-Ming Liu | 4 | 1 | 80% | |
| Independent Director | Horng-Yan Chang | 5 | 0 | 100% | |
| Independent Director | Fong-Nien Chiang | 5 | 0 | 100% | |
| Independent Director | Ming-Jeng Weng | 5 | 0 | 100% | |

Other items that shall be disclosed:

- When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:
(I) Matters included in Article 14-3 of the Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee.
(II) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.
- The status of avoidance of conflict of interests by Directors on sensitive issues, it shall describe Director name, proposal contents, reasons and status of decisions:

| Meeting Date | Proposal Contents | Reasons for avoidance of conflict of interests and status of decisions |
|-------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 21, 2020 | Appointment of Chief Financial Officer | Chief Financial Officer Jong-Yih Chen and Financial Officer Pei-Ching Tsai avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection. |

| | | |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 12 , 2020 | To approve capital injection of Amplifi Technologies Inc. | Director Michael Chao-Juei Chiang and Foster Chiang avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection. |
| | Decide to pass the KPI bonus plan for senior managers in 2019. | Director Foster Chiang, Li-Chien Hsieh, Heng-Yao Chang, Tsung-Liang Tsai and Shih-Ming Liu and attended supervisors Chief Strategy Officer Freddie Liu, Chief Financial Officer Pei-Ching Tsai and Accountant Officer Hu-Yao Lin avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection. |
| August 13, 2020 | Decide to pass remuneration distribution plan of independent Director in 2019. | Directors Horng-Yan Chang, Ming-Jeng Weng and Fong-Nien Chiang avoid conflicts of interest; after the opinions of the Directors were inquired by the chairman, the plan passed without objection. |
| | To approve the Company to invest in the private offering of Hennessy Capital Acquisition Corp. IV. for the merger with Canoo Holdings Ltd. | Director Michael Chao-Juei Chiang and Foster Chiang avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection. |
| March 11, 2021 | Decide to pass the KPI bonus plan for senior managers in 2020. | Director Li-Chien Hsieh, Shih-Ming Liu, Tsung-Liang Tsai, and four attended supervisors Chief Strategy Officer Freddie Liu, Chief Financial Officer Pei-Ching Tsai, Accountant Officer Hu-Yao Lin and Audit SupervisorPei-Chi Wang avoid of conflicts of interests; after the opinions of Directors were inquired by the chairman, the plan passed without objection. |

3. Performance evaluation of the Board of Directors:

| Evaluation Cycle | Evaluation Period | Evaluation Scope | Evaluation Method | Evaluation Content |
|------------------|--------------------------|--------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annually | 2019.11.01 to 2020.10.31 | Board of Directors | Internal self-evaluation by the board of directors | The measurement items of the "Board Performance Evaluation Self-evaluation Questionnaire" cover five major aspects including participation in company operations, improvement of the decision-making quality of the board of directors, composition and structure of the board, selection and continuous education of directors, and internal control, totaling 38 evaluation indicators. |
| | 2019.11.01 to 2020.10.31 | Individual board members | Board member self-evaluation | The measurement items of the "Self-assessment Questionnaire for Directors' Performance Evaluation" include the mastery of the company's objectives and tasks, the awareness of directors' responsibilities, the degree of participation in company operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc. In general, there are a total of 22 evaluation indicators. |

4. Strengthening the function of the board of directors and its execution condition in this year and last year (such as establishing an Audit Committee, improving information transparency):

The board of directors authorizes its Audit Committee and Remuneration Committee to separately assist with supervision. These two committees are each composed of three

Independent Directors. The chairman of each committee shall regularly report its activities and decisions to the board of directors.

(2) Operation condition of Audit Committee:

The Audit Committee had convened 5 times (A) from 2020 to April 10, 2021.

Attendance records are as follows:

| Position | Name | Actual attendance (B) | Attendance through proxy | Actual attendance ratio (%) (B/A) | Remarks (Note) |
|----------------------|------------------|-----------------------|--------------------------|-----------------------------------|----------------|
| Independent Director | Horng-Yan Chang | 5 | 0 | 100% | |
| Independent Director | Fong-Nien Chiang | 5 | 0 | 100% | |
| Independent Director | Ming-Jeng Weng | 5 | 0 | 100% | |

Other items that shall be disclosed:

1. When one of the following situations has occurred to the operations of the Audit Committee, state the date, term and content of proposals of the Board meeting, result of resolutions of the Audit Committee and the Company's actions in response to the resolutions:

(I) Matters included in Article 14-5 of the Securities and Exchange Act::

All resolutions have been approved with the consent of one-half or more of all Audit Committee members before a resolution has been reached at the Board meeting. There were no other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors. (Please see 4. Implementation of Corporate Governance - (11) Major resolutions of the board of shareholders and board of directors)

(II) Except the items in the preceding issues, other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors: None

2. In regards to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes should be stated: None.

3. Communication condition between Independent Directors, internal auditing supervisor, and CPA (including communication of important events, methods, and results related to financial and business conditions):

CPA attended the Audit Committee meeting on February 21, 2020 and March 11, 2021.

Description:

- (1) Company's internal auditing supervisor will regularly communicate the audit results with members of the Audit Committee and report it in the Audit Committee meeting in each quarter. Under special situations, the auditing supervisor will also report to members of the Audit Committee, while special situation did not occur in the recent year. Audit Committee communicates well with internal auditing supervisor.
- (2) Company's CPA will report financial report check or review results and other matters required in related laws in the annual Audit Committee meeting; under special situations, CPA will also report to members of the Audit Committee. There is no such special situation in the recent year. Audit Committee communicates well with CPA.

| Meeting Date | Communication with internal auditing supervisor | Communication with CPA |
|-------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 21, 2020 | Review audit deficiency trace report in the fourth quarter of 2019 | <ul style="list-style-type: none"> ● Discuss any review problems in the financial report in 2019 and the responses of managers. ● Report on any changes to laws. ● Review the independent and suitability of the certifying CPA. ● CPA conveyed the requirements of the company's self-editing to the financial report and discussed to the board of directors. |
| | Review the 2019 annual internal control system statement | |
| May 12, 2020 | Review audit deficiency trace report of the first quarter in 2020 | <ul style="list-style-type: none"> ● Discuss any review problems in the financial report of the first quarter in 2020. |
| August 13, 2020 | Review audit deficiency trace report of the second quarter in 2020 | <ul style="list-style-type: none"> ● Discuss any review problems in the financial report of the second quarter in 2020 and the responses of managers. |
| November 10, 2020 | Review audit deficiency trace report of the third quarter in 2020 | <ul style="list-style-type: none"> ● Discuss any review problems in the financial report of the third quarter in 2020. |
| | Revision of internal control system, revision of internal audit and implementation rules | |
| | Review the 2021 "Annual Audit Plan" | |
| March 11, 2021 | Review audit deficiency trace report in the fourth quarter of 2020 | <ul style="list-style-type: none"> ● Discuss any review problems in the financial report in 2020 and the responses of top managers. ● Corporate Governance 3.0 - Explanation and discussion on the deadline for the announcement of self-closing financial information. ● Review the independent and suitability of the certifying CPA. |
| | Review the 2020 annual internal control system statement | |

4. Annual key functions and operations:

(I) 2020 Annual key functions

1. Financial statements, business reports and Profit Distribution.
2. The assessment of the effectiveness of the internal control system and the plan of the audit program.

3. Independence assessment of CPA.

4. To review Procedures of the Internal Control System and Regulations Governing the Loaning of Funds to Others.

5. Significant assets, capital loans, endorsement guarantees and derivative transactions.

6. New subsidiary case

(II) 2020 operations:

Matters included in Article 14-5 of the Securities and Exchange Act have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

(3) Corporate Governance Implementation Status and Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”:

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| 1. Whether this company has formulated and disclosed the company’s corrective action plan according to SE/OTC listed companies’ corrective action? | ✓ | | Our company has formulated an operation practice code and distributed it to the public information observation website; the operation of our company is based on business operation, we promote business operation through strengthening operation transparency and function of the board of directors. | There is no big deviation. |
| 2. This company’s shareholding composition and shareholder’s equity (1) Whether this company has formulated internal operation procedure to deal with shareholder’s proposals, doubts, disputes, and lawsuits, and has been implemented according to the procedure? | ✓ | | (1) In order to ensure shareholder equity, this company has set special personnel and e-mail (7777@tpk.com); special personnel for internal processing procedure can handle share affairs and investor relations, personnel for legal affairs can handle shareholder opinions, disputes, and lawsuits related to overseas income tax. At the same time, in response to the internal and external personnel’s | There is no big deviation. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| (2) Whether this company has the name list of main shareholders and the final controller of shareholders? | ✓ | | reporting system for illegal (including corruption) and unethical behavior, the company has set an appeal mailbox (whistle.blowing@tpk.com), and special personnel will be assigned to handle relative affairs. (2) This company has set the unit for shares affairs and agent for shares affairs which can timely grasp the main shareholders of the company and the final controller of main shareholders. | There is no big deviation. |
| (3) This company’s efforts to set up and implement risk control mechanism and firewall with affiliates? | ✓ | | (3) This company has formulated a transaction management method which can define the regulation for enterprise operation, business and financial relation with an interested party, and thus to reach the risk control mechanism. | There is no big deviation. |
| (4) Whether the company has formulated internal regulations to forbid purchasing and selling of | ✓ | | (4) This company has formulated a processing procedure for important internal information to forbid purchasing | There is no big deviation. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| securities by internal employees with the use of undisclosed information in the market? | | | and selling of securities by internal employees with the use of undisclosed information in the market. | |
| 3. The composition and responsibility of board of directors (1) Whether the board of directors has formulated multiple policies and implemented them based on the composition of directors? | ✓ | | <p>(1) Multiple composition of the board of directors and execution condition (note):</p> <ol style="list-style-type: none"> 1. Professional expertise and skills: industry practice experience, business, financial, accounting and work experience which are necessary for the company’s business. 2. Ability to achieve the objective of the company’s business operation: operation judgment ability, accounting and financial analysis ability, operation management ability, crisis management ability, professional expertise, view of world, leadership, and decision-making ability. 3. Multiple composition of board of directors and execution condition, refer to note 1. <p>(2) Our company has set salaries and a remuneration commission, Audit</p> | There is no big deviation. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| (2) Except for the establishment of Remuneration Committee, whether this company has set other functional committees on its own? | | √ | Committee, and other functional committees will be set according to actual demands in future. | There is no big deviation. |
| (3) Does the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal? | √ | | (3) The company has formulated the board of directors' performance evaluation method and its evaluation method, and regularly conducts performance evaluation every year, and submits the results of the performance evaluation to the board of directors, and uses it as a reference for the remuneration of individual directors and nominations for renewal. | There is no big deviation. |
| (4) Regular assessment of the independent performance of the CPA in the auditing practice? | √ | | (4) The company has submitted the 2020 independent evaluation plan of the certifying CPA to the board of directors and Audit Committee on March 11, 2021, all directors decided that Deloitte Touche Tohmatsu Limited Kuo, Tzu-Jung and CPA Chuang, Pi-Yu can accord with independent and suitability standards, the | There is no big deviation. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | <p>evaluation is based on the “Certifying Accountant Review and Evaluation Form” prepared by the company and the “Accountant’s detached independence statement” issued by the accountant.</p> <p>Review table and detailed indications:</p> <ol style="list-style-type: none"> 1. Independent of CPA 2. Morality of CPA 3. Expertise of audit personnel 4. Evaluate and supervise the existing or potential risks of the Company 5. Communication with top management 6. Reasonable fees | |
| 4. Does the company set up an appropriate number of suitable personnel responsible for corporate governance matters and appoint a corporate governance manager responsible for corporate governance matters (including but not limited to providing information for directors to perform their functions, assisting directors with legal compliance, handling work related to meetings of the board of directors | | √ | <p>The Company has set special personnel to be responsible for affairs related to the board of shareholders and shares; it will be submitted to the board of directors for the selection of the company operation manager.</p> <p>Responsibility of special personnel for share affairs:</p> | There is no big deviation. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| and the shareholders' meetings in accordance with law, and producing minutes of board meetings and shareholders' meetings). | | | <ol style="list-style-type: none"> 1. Plan suitable company system and organization structure to facilitate the independent board of directors and transparency of the company according to relative laws and the rule of internal audit and control. 2. Plan and formulate the schedule and provide it to all directors 7 days before the meeting, so directors can know the contents of relative proposals; remind the directors who are interested parties shall avoid, and finish the meeting notes 20 days after. 3. Notice important information to top management after its announcement at the time to ensure that top management can know important information in a timely manner. 4. Cooperate with the latest laws of authority and the company's actual operation demands, revise various methods and submit to board of directors for decision. Immediately notify directors of relevant laws and regulations and assist them to comply. | |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | <p>5. Register the date of the board of directors according to the regulations, make and declare meeting notices, annual report, proposal manual and notes before the limited date, and submit to the relative authority for the revision of the company’s articles or re-election of the board of directors.</p> <p>6. Carry out internal performance evaluation according to overall operation of company and employees in each year; carry out evaluation on the independent certifying CPA.</p> <p>7. The Company will hold meetings to describe the operation results of each quarter and irregularly take part in external investment forums to establish multiple communication channels with investors.</p> | |
| 5. Whether the Company has set communication channels for interested parties (including but not limited to shareholders, employees, customers and suppliers) and a special area on the website for interested parties, and whether the Company has responded to the enterprise social responsibility topics concerned by interested parties? | √ | | The Company has set special personnel and e-mail (IR@tpk.com), and set a special area for interested parties, established communication channels with interested parties such as investors, employees, customers, suppliers, media, district and government departments | There is no big deviation. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | and execution conditions (in Note 2), handle and response company’s external relations and matters related to interested party. | |
| 6. Whether the company has entrusted an agent to handle affairs of the board of shareholders? | ✓ | | The Company has entrusted Yuanta Securities Co. LTD. to handle affairs of the board of shareholders. | There is no big deviation. |
| 7. Disclosure of information (1). Whether the Company has installed a website to fully disclose the information regarding this company’s financial business standing as well as management? | ✓ | | (1). The Company has installed a website (www.tpk.com) to disclose relative information at time, company overview, Corporate Governance Information and financial information will be declared to the public information website according to the regulations of authority. | There is no big deviation. |
| (2). Whether other methods have been adopted by the Company to disclose information (e.g., installation of websites in English, appointment of designated personnel to collect and disclose information, process for presentation of commercial papers, firm | ✓ | | (2). 1. The Company has installed a website, and has set the website for financial information and business operation information. 2. The Company has set a spokesperson system, and implemented it according to | There is no big deviation. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| <p>enforcement of spokesperson system, installation of company website, etc.)</p> <p>(3). Did the company publicly disclose and file its financial report within two months of the end of the fiscal year and publicly disclose and file financial reports for the first, second, and third quarters and monthly operational status reports prior to the time limits set by regulations?</p> | | √ | <p>relative laws. Investors can send emails to IR@tpk.com if there are any doubts, and special personnel will respond.</p> <p>3. The Company’s juridical person briefing will provide a live webcast or live conference call, and the recording files as well as briefings will be placed in the public information observation website and company website.</p> <p>(3). The company's first, second, third and annual financial reports for 2020 and monthly revenues are announced and declared at the public information observatory before the prescribed deadline, and uploaded to the company's website simultaneously.</p> | There is no big deviation. |
| 8. Whether the Company has important information for others to know the business operations (including but not limited to employee rights, employee care, investor relation, supplier relation, rights of interested parties, training of | √ | | (1) Employee right and benefit: The Company has formulated an employee remuneration method (refer to articles of association), employee performance | There is no big deviation. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| directors and Supervisors, risk management policy and execution of risk measurement standard, execution condition of customer policy, the condition of the company to buy insurance for directors and Supervisors)? | | | <p>award method, and employee stock option method.</p> <p>(2) Employee care: The Company pays attention to human rights and employee interests, except for basic requirements in labor laws, the Company has set up a welfare commission, Good News and Wecare to care for employee, and encourages employees to participate in road running, mountain climbing or swimming; in addition, it provides a gym, training center (playing movies irregularly), staff restaurants, staff travel and fire detection drills to maintain a good working environment, and actively develop community activities, so employees can grow healthily.</p> <p>(3) Investor relation: The Company has set letter box IR@tpk.com, provided a channel for investors to express opinions,</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | <p>and set special personnel to respond; the important information will be released on the public information station and website in a timely manner.</p> <p>(4) Training of board of directors: Training courses for authority (shown in the following table).</p> <p>(5) Execution condition of risk management policy and risk measurement standard: Except for strict internal control system and audit carried out by internal auditing personnel, relative insurances are set to avoid risks.</p> <p>(6) Execution condition of customer policy: The Company adheres to credit management and pays attention to customer rights, and the Company has set internal regulations for employees according to relative laws.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | (7) The situation of the company purchasing liability insurance for directors: The Company has insured liability insurance for directors, which is regularly evaluated every year and reports to directors on the renewal of directors' liability insurance. | |

9. Please describe the improvement in the results of the recent corporate management review issued by the Corporate Governance Center of the Taiwan Stock Exchange, and give priority to strengthening measures for those matters which have not been improved.

| Business Operation Review No. | Business Operation Review Item | Improvement and execution condition |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.15 | Does the company formulate and disclose on the company website internal rules and implementation conditions that prohibit directors or employees and other insiders from using information that is not available in the market for profit? | On November 10, 2020, the company opened a course on "Legal Liability and Case Analysis of Insider Transactions" for directors and senior executives to strengthen the implementation of the promotion of preventing insider transactions. |
| 2.27 | Does the company formulate an intellectual property management plan linked to its operational goals, and disclose its implementation on the company's website or annual report, and report to the board of directors at least once a year? | The company has formulated an intellectual property management plan linked to its operational goals, and disclosed the implementation status on the company's website or annual report, and reported the intellectual property management plan and annual implementation status to the board of directors once a year. |

| Evaluation Item | Implementation Status | | | Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---------|------------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |

Note : Multiple composition of board of directors and condition

| | Gender | Operation Judgment Ability | Accountant and Financial Analysis Ability | Operation Management Ability | Crisis Management Ability | Professional Expertise | View of World | Leadership | Decision -making Ability |
|--------------------------|--------|----------------------------------|-------------------------------------------------|------------------------------------|---------------------------------|---------------------------|---------------------|------------|--------------------------------|
| Michael Chao-Juei Chiang | M | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Li-Chien Hsieh | M | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Heng-Yao Chang | M | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Tsung-Liang Tsai | M | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Shih-Ming Liu | M | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Horng-Yan Chang | M | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Fong-Nien Chiang | M | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Ming-Jeng Weng | M | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |

Attached Table:

(1) Director and Supervisor (Supervisor is not set in the Company) select proper training courses according to their time management and project background, training courses are shown as follows:

| Position | Name | Sponsor Unit | Training Course | Training Date | Training Hours | Whether training can accord with regulation (Note1) |
|----------------------|--------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------|----------------|-----------------------------------------------------|
| Chairman | Michael Chao-Juei Chiang | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 | Yes |
| | | | Analysis of Insider Trading Practice | | 3 | Yes |
| Director | Li-Chien Hsieh | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 | Yes |
| | | | Analysis of Insider Trading Practice | | 3 | Yes |
| Director | Heng-Yao Chang | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 | Yes |
| | | | Analysis of Insider Trading Practice | | 3 | Yes |
| Director | Tsung-Liang Tsai | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 | Yes |
| | | | Analysis of Insider Trading Practice | | 3 | Yes |
| Director | Shih-Ming Liu | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 | Yes |
| | | | Analysis of Insider Trading Practice | | 3 | Yes |
| Independent Director | Horng-Yan Chang | Securities and Futures Institute | Analysis and Practice of International Tax Trends Issues under the New Version of Corporate Governance Blueprint | May 11, 2020 | 3 | Yes |
| | | | Strategy and Management of Enterprise Upgrade and Transformation-Choice of M&A and Alliance | August 12, 2020 | 3 | Yes |
| | | Taiwan Stock Exchange | Listed "Corporate Governance 3.0-Blueprint for Sustainable Development" Summit Forum Agenda | September 22, 2020 | 3 | Yes |
| | | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 | Yes |
| | | | Analysis of Insider Trading Practice | | 3 | Yes |
| | | | | | | |

| | | | | | | |
|----------------------|------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------|---|-----|
| Independent Director | Fong-Nien Chiang | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 | Yes |
| | | | Analysis of Insider Trading Practice | | 3 | Yes |
| Independent Director | Ming-Jeng Weng | Accounting Research and Development Foundation | Analysis of common corporate governance deficiencies and related laws and regulations | September 18, 2020 | 3 | Yes |
| | | Taiwan Stock Exchange | 2020 Corporate Governance and Corporate Integrity Directors and Supervisors Promotion Conference | October 23, 2020 | 3 | Yes |

Note1: Means whether it can accord with the training hours, training scope, training system, training arrangements and information disclosure as stipulated in the “Implementation of the Directors of SE/OTC and the implementation of the Supervisor training”.

(2) Main manager and audit supervisor of the Company will select suitable courses according to the project, and their participation in the training is shown as follows:

| Position | Name | Sponsor Unit | Training Course | Training Date | Training Hours |
|------------------------|----------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|
| President | Li-Chien Hsieh | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 |
| | | | Analysis of Insider Trading Practice | | 3 |
| Chief Strategy Officer | Freddie Liu | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 |
| | | | Analysis of Insider Trading Practice | | 3 |
| Financial Executive | Pei-Ching Tsai | Taiwan Investor Relations Institute | Digital transformation of 5G-type enterprises and the new face of competition | November 10, 2020 | 3 |
| | | | Analysis of Insider Trading Practice | | 3 |
| Accountant Officer | Hu-Yao Lin | Juridical Person Accounting Research and Development Fund | Competent authority's policy analysis and internal control practices of "Assisting companies to improve their own financial reporting capabilities" | April 09, 2020 | 6 |
| | | | The FSC's compliance auditing practices regarding “shareholders’ meetings” and “corporate mergers and acquisitions” related laws and regulations | April 27, 2020 | 6 |
| Audit Supervisor | Pei-Chi Wang | Accounting Research and Development Foundation | Common deficiencies in the preparation of corporate financial reports and compliance with internal audit and internal control laws and regulations | July 29, 2020 | 6 |
| | | Internal Auditing Committee | How internal auditors interpret operating performance and risks from IFRS financial statements | August 17, 2020 | 6 |

(4) Operation condition of Remuneration Committee

1. Information of members of Remuneration Committee

| Position | Condition Name | Whether having hands-on experience for a minimum of five years? | | | Detachment (note) | | | | | | | | | | Number of companies where the person also acts as a member of Remuneration Committee | Remarks |
|----------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------|---|---|---|---|---|---|---|---|----|--------------------------------------------------------------------------------------|---------|
| | | At least a lecture from a private or public college or university in the discipline of business, law, finance, accounting or other subjects in demand by the Company | Passed the public examination and licensed in a special profession and technology, like that of a judge, public prosecutor, attorney, accountant or others as in demand by the Company | Required experience in business, law, finance, accounting and others as in demand by the Company | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| Independent Director | Hong-Yan Chang | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 | - |
| Independent Director | Fong-Nien Chiang | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 | - |
| Independent Director | Ming-Jeng Weng | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2 | - |

Note: If the member can meet the following conditions during the two years prior to the election and during the term of office, please type “✓” in the blank.

- (1) Not an employee of the Company or any its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. (While the Independent Director set by the Company or its parent company or its subsidiary according to security exchange law or local laws is not included).
- (3) Not a natural person shareholder of a company where the person, spouse or underage child holding more than 1% of the outstanding shares or among the top 10 shareholders or holding such shares under the Position of a third party.
- (4) Not a spouse of a relative at the 2nd level as stated in the Civil Code, or the next of kin within the 3rd level as stated in the Civil code to any of the parties mentioned in the previous 3 paragraphs.
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company’s board based on Article 27 of the Company Law.
- (6) Not a Director, Supervisor, or employee of other company owned by the same individual who has more than half of the board seats and voting rights of the company. (The same does not apply, however, in cases where the person is an independent director of the company and concurrently in its parent company, subsidiary under the same parent company as regulated by local governing body.)
- (7) Not a director (or governor), supervisor, or employee of the company or institution which the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses.
- (8) Not a director, supervisor, manager or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company (the same does not apply, however, in cases where the specified company or institution holds 20 percent or more but 50 percent or less of the company’s shares and the person is an independent director of the company, its parent company, subsidiary

or any subsidiary of the same parent company established pursuant to the Securities and Exchange Act or local regulations).

- (9) Not a professional individual who, or an owner, partner, director, supervisor, officer or their spouse of a sole proprietorship, partnership, company, or institution that, provides audit or commercial, legal, financial, or accounting services with remuneration in the past two years with cumulative amounts exceeding NT\$ 500,000 to the company or to any affiliate of the company. However, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

- (10) No situation under Article 30 of the Company Law.

2. Operation condition of Remuneration Committee

- (1) There are three members in the Remuneration Committee.

- (2) Tenure of members of committee: From May 28, 2019 to May 15, 2022. The Remuneration Committee had convened 4 times (A) from 2020 to April 10, 2021.

Attendance condition is shown as follows:

| Position | Name | Actual attendance (B) | Attendance through proxy | Actual attendance ratio (%) (B/A) | Remarks |
|-------------------|------------------|-----------------------|--------------------------|-----------------------------------|---------|
| Convener | Horng-Yan Chang | 4 | 0 | 100% | |
| Commission Member | Fong-Nien Chiang | 4 | 0 | 100% | |
| Commission Member | Ming-Jeng Weng | 4 | 0 | 100% | |

Responsibilities of the Remuneration Committee

- (1) Regularly review organization regulation and put forward corrective suggestions.
- (2) Plan and regularly review annual and long-term performance objective as well as policy, system, standard and structure of remuneration for directors and managers.
- (3) Regularly evaluate the realization condition of performance objective for directors and managers, and plan the content and amount for individual remuneration.

Others:

1. If the board of directors does not adopt or revise the opinions of the Remuneration Committee, the date, stage, proposal contents, decision results of the board of directors, and company's processing to the opinions of the Remuneration Committee (if the remuneration passed by the board of directors is better than the remuneration proposal made by the Remuneration Committee) shall be described: None.
2. If any members do not agree with the decision of the Remuneration Committee with record or written statement, the date, stage, proposal contents, opinions of all members and processing to opinions of the Remuneration Committee shall be described:

| Remuneration Committee | Agenda | Resolution | The Company's handling of the opinions of the Remuneration Committee |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| The 2 nd meeting of the 4 th Remuneration Committee February 21, 2020 | 1. Appointment of Chief Financial Officer | All present commission members agreed to pass, and submitted to board of directors for discussion | All present directors agreed to pass |
| The 3 rd meeting of the 4 th Remuneration Committee May 12, 2020 | 1. Decide to pass the KPI bonus plan for senior managers in 2019. | All present commission members agreed to pass, and submitted to board of directors for discussion | All present directors agreed to pass |
| The 4 th meeting of the 4 th Remuneration Committee August 13, 2020 | 1. Decide to pass remuneration distribution plan of independent Director in 2019. | All present commission members agreed to pass, and submitted to board of directors for discussion | All present directors agreed to pass |
| | 2. Amend the Charter for the Remuneration Committee | All present commission members agreed to pass, and submitted to board of directors for discussion | All present directors agreed to pass |
| | 3. To approve the Methods to Evaluate Performance of the Board of Directors | All present commission members agreed to pass, and submitted to board of directors for discussion | All present directors agreed to pass |
| The 5 th meeting of the 4 th Remuneration Committee March 11, 2021 | 1. Report the results of the performance evaluations to the Board of Directors | All present commission members agreed to pass, and submitted to board of directors for discussion | All present directors agreed to pass |
| | 2. Amend the Remuneration Committee Charter. | All present commission members agreed to pass, and submitted to board of directors for discussion | All present directors agreed to pass |
| | 3. Decide to pass the KPI bonus plan for senior managers in 2020. | All present commission members agreed to pass, and submitted to board of directors for discussion | All present directors agreed to pass |

(5) Corporate Governance Implementation Status and Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies":

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| 1. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? (Note: The materiality principle refers to the relevant environmental, social and corporate governance topics that have a significant impact on the company's investors and other stakeholders.) | √ | | <p>The company promises to observe the principles regarding corporate social responsibility (CSR), the labor laws as well as industry standards and international conventions that apply to the company. According to the Materiality Principle, the company has also established CSR policies and procedures to improve its management systems.</p> <p>(1) For Environment: the company remains committed to making eco-friendly products and encouraging our employees to participate in a variety of staff activities and public projects launched by company. We aim to build a resource-saving, environment-friendly home through our continuous efforts.</p> <p>(2) For Society: the company is working to improve the working conditions and staff welfare for a better Labor-Management cooperation and a harmonious workplace. We keep our environmental information open and transparent and set up contingency plans to respond to environment emergency. The occupational safety and health management system is regularly reviewed.</p> <p>(3) For corporate governance: the internal controls of company are strictly carried out to ensure that each staff</p> | Comply with code of practice for enterprise social responsibility of SE/OTC, and there is no big difference. |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | <p>complies with the laws and regulations and the company is legally operated.</p> <p>The company's existing regulations regarding CSR policies and procedures including: "TPK CSR Management Manual", "Measures for Prohibiting Use of Child Labor and Protecting Underage Workers", "Measures to Guide TPK Employees with Honesty Behaviors", "Standards for TPK Suppliers to Conduct CSR", "Measures to Guide TPK Suppliers with Honesty Behaviors", "Policies on No Procurement of Conflict Minerals in TPK "</p> | |
| 2. Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors? | ✓ | | The Board of Directors has authorized the Chairman Office, with the assistance of senior management to promote the establishment of dedicated organization on CSR issues. Each department is also required to fulfill CSR in line with its duties, and the Board must be kept regularly informed of CSR execution. | Comply with code of practice for enterprise social responsibility of SE/OTC, and there is no big difference. |
| 3. Issues on environment (1) Has the Company set an environmental management system designed to industry characteristics? | ✓ | | <p>(1) The company has formulated every environmental management systems suitable for industry characteristics, which are highlighted as following:</p> <p>a) The company offers a safe and healthy workplace to minimize security risks and takes effective approaches to</p> | Comply with code of practice for enterprise social responsibility of SE/OTC, and there is no big difference. |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
|-----------------|-----------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | <p>prevent work-related incidents hazardous to public health.</p> <p>b) The company has established documented management systems including OHS and EMS, which cover public health, safety, environmental risks control; also the company is certificated with required management system including ISO45001:2018, ISO14001:2015, ISO14064-1:2006, ISO50001:2011.</p> <p>c) The company has formulated “ Management Manual on Environment, Occupational Health and Safety” and introduced ISO 45001 & ISO14001 that contain regular health and safety inspection, environmental safety audit, target improvements, plans as well as staff training and communication. The company encourages our employees to provide feedbacks on OHS and EMS, and has established EHS committee of which the top executive of factory serves as the chairman. The committee holds meetings every two months to review EHS performance and to evaluate the applicability of existing systems.</p> <p>d) The company has established risk assessment and control procedures on identifying the occupational hazardous factors and carrying out JHA for medium and high risks. Moreover, we have set up regulations on occupational</p> | |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
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| | Yes | No | Summary | |
| (2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact? | ✓ | | <p>health and safety management and PPE management to ensure that the occupational hazardous posts are under strict management and the employees of these posts have pre-job, in-the-job and post-job physical examinations. We also employ the E-WAY system to monitor post maintenance and clarify PPE wearing requirements so as to guarantee a safe and healthy working environment.</p> <p>(2)</p> <p>a) The company has realized e-document management via the file management systems, an effort to cut the use of paper and thus to reduce environment pollution.</p> <p>b) The company has taken energy-saving, resources-recycling approaches and has done a good job in 2020 including: 1,006.8 kilotons of water was saved thanks to the company's wastewater-recycling system, also 6,678,800KWH KWH of electricity was saved through recycling approaches.</p> <p>c) Since 2016, the company has cut the amount of hazardous waste by 374.4 tons so far thanks to the efforts to recycle and reuse hazardous waste barrels and cleanroom wipers.</p> | |
| (3) Does the Company evaluate current and future climate change potential risks and opportunities | ✓ | | <p>(3) The company participates in CDP (carbon disclosure project) annually by filling out the questionnaires on climate change and water security containing the</p> | |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
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| | Yes | No | Summary | |
| <p>and take measures related to climate related topics?</p> <p>(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?</p> | ✓ | | <p>disclosure of updated information on climate system as well as water security. Whether the climate change will impact the company's strategy and financial plan is also described in the questionnaires with the aim to initiate the further discussion within the company on climate-related risk management.</p> <p>(4)</p> <p>a) According to the verification statement on company's greenhouse gas emission based on ISO14064-1, the company emitted 487,000 tons of greenhouse gases in 2020, 5.4% down from 515,000 tons in 2019.</p> <p>b) Power-saving measures: the company adopted 39 measures to cut greenhouse gases emission by 20,300 tons, and 6160 tons was reduced in 2020 thanks to our 17 power-saving measures, such as depressurization of air compressors and frequency conversion of water pumps and draught fans.</p> <p>c) Water-saving measures: the amount of water consumption decreased year by year from 2016 to 2020; the company consumed 6,111,000 tons of water in 2020, 8.6% less than 6,688,000 tons used in 2019.</p> <p>d) Waste treatment: the company received the highest-level certification from UL in 2018, which means the waste conversion rate hitting 100%. The amount of hazardous</p> | |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | <p>waste reached 537.3 tons and 532.2 tons in 2019 and 2020 respectively, both approved by UL.</p> <p>e) The company has enforced greenhouse gas inventory audit in line with international standards, and compiled “Energy Management and Implementation Procedures”, “Energy Management Manual”. We have made plans to lower the emission of greenhouse gas during manufacturing process. Externally, we are trying our best to make sustainable improvements together with our customers and supplies; internally, we are working to refine our administration such as ceiling the air conditioner’s temperature in summer for the purpose of energy efficiency and carbon reduction. In 2020, the company achieved the goal of reducing the per unit production energy consumption by 1%, and we aim to maintain the year-on-year drop for the year of 2021.</p> | |
| <p>4. Issues on social responsibilities:</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> | √ | | <p>(1) Under the framework of labor laws and regulations, the company has established administrative rules on appointing and dismissing employees, salary system management and other procedures to guarantee the basic rights of our staff. Additionally, the company also has policies on human rights guarantee stipulated in “TPK CSR Management Manual”.</p> | <p>Comply with code of practice for enterprise social responsibility of SE/OTC, and there is no big difference.</p> |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| (2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation? | ✓ | | (2) The company has set up code of conduct for employees and administrative rules on salary, rewarding and punishment, enabling the employees to get due pay as the company develops, with an effort to fulfill the company's social responsibility. | |
| (3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training? | ✓ | | (3) The company believes that only a physically and mentally healthy employee could work effectively and efficiently, and therefore we are committed to provide an enabling environment for our employees to work safely. For the sake of staff's physical and mental health, the company is equipped with gym and carries out physical examinations regularly and organizes outdoor activities at times to relieve their pressure. To ensure workplace safety, the company strives to foster the capability to dealing with emergency and safety awareness and recognition ability among the employees by virtue of continuous training and promotion. We have established occupational injury prevention and tracing systems aiming to reduce occupational accidents in workplace and to mitigate the effects of accidents imposing on the company and the staff. | |
| (4) Has the Company established effective career development training plans? | ✓ | | (4) The whole staff is deemed as valuable commodity of the company, and that explains why we attach importance to | |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
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| | Yes | No | Summary | |
| <p>(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?</p> <p>(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?</p> | <p>√</p> <p>√</p> | | <p>talent training and designing diversified career development courses based on functions. We are working to improve staff cohesion, teamwork and leadership by means of a variety of training activities. During the Covid-19 in 2020, the company launched pre-job and on-the-job skill training programs through internet, a total of 14,477 employees got improvements in their skills and competency.</p> <p>The company provides products and service according to corresponding laws and regulations and carries out hazardous substances inspection of raw materials and products.</p> <p>(5) The company is able to provide our customers with advanced technology and after-sales service as per requirements, and to trace, evaluate, review and improve our service. We also promise a timely response to our customers.</p> <p>(6) According to "Standards for TPK Suppliers to Conduct CSR", "TPK Suppliers' Commitment to Social Responsibility and Ethics", the company has signed agreements with the suppliers to promote them to align with our operating targets of achieving sustainable management in eco-friendly way, ensuring an honesty</p> | |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | business environment and fulfilling our social responsibility. As a part of CSR, we conduct regular review and ranking system on our suppliers to encourage them to join us in the endeavors to realize social responsibilities. | |
| 5. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance? | √ | | Although the company has not yet announced CSR Statements, we are acting with reference to compiling rules and guidelines of statements employed internationally, which can be checked on the company's website. In each year's CSR review carried out by our customers or their authorized third parties following RBA and the like, we get good results every time. | Comply with code of practice for enterprise social responsibility of SE/OTC, and there is no big difference. |
| 6. If this company has formulated its own social responsibility rule according to "SE/OTE Social Responsibility Practice Code", please describe the difference between the operation and formulated rules: This Company's social responsibility is carried out fully according to relative rules. | | | | |
| 7. Other important information to facilitate the understanding of the operation condition of enterprise social responsibility: | | | | |
| 1) A subsidiary of TPK in Xiamen is cooperating with Xiamen University of Technology, Fuzhou Polytechnic and Xiamen Ocean Vocational College, providing learning and employment opportunities for its students. 2) The company has recruited 44 blind masseurs to express our caring for the disabled. 3) The company actively participated in various social activities to fulfill our social responsibility. We organized the seventh charitable blood donation activity dedicated to our employees together with Xiamen Blood Donation Center, an official institution, on 8 th and 9 th September, 2020. A total of 222 employees that met requirements donated 60,500ml blood. 4) The company also cares for the female employees. We set up nursing rooms inside our company and arrange lectures on female health regularly. Besides, we also provide our woman workers with cervical cancer screening and breast cancer screening for free, benefiting 704 female workers in 2020. | | | | |

| Assessment Item | Implementation Status | | | Difference of code of practice for enterprise social responsibility of SE/OTC and the reason |
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| | Yes | No | Summary | |
| <p>5) The health of TPK’s employees remains a major target of our business. The company set up various fitness courses covering Yogo, Tai Chi and Jazz learning and held basketball game, sports meeting, so as to increase employee’s awareness of keeping fit and teamwork. The company also launched TPK’s Health Year and other activities to encourage our employees to keep fit through scientific and healthy ways, which help some 368 over-weighted employees lose weight in a healthy and effective way.</p> <p>6) The company has been committed to people-centered philosophy, and we wish to extend our caring to the employees and their families through activities like Family Day, or sending gifts and thank you cards to their children. In addition, we have organized a range of activities such as online knowledge quiz on covid-19 prevention, photography competitions with the subject of Labor Day, contest on home-made food,“and competition on peeling off grapefruit and Bobing at the Mid-Autume Festival. These occasional activities conveying traditional culture attracted thousands of workers; they enriched their lives and facilitated cross-departments communication for greater cohesion.</p> <p>7) The company has always been caring for our employees with financial struggles. Every year we have various activities to give our support and condolence to these employees. Prior to 2021 Spring Festival, CEO and other colleagues visited the rental houses of poverty-stricken workers, sending them condolence payments and gifts. The company also helps workers apply for the bank public fund for their left-behind children, and offer them transportation subsidies for them returning home for Spring Festival holiday.</p> <p>8) The company attaches great importance to environment protection. We have carried out waste sorting in designated areas and stopped using disposable tableware in our canteen. We also advocate that our employees should care for our plants and protect the environment.</p> <p>9) In cooperating with local police station, we have set up police rooms just near the gate of our company to ensure the safety of our surrounding environment and our employees</p> | | | | |

(6) Implementation of Ethical Corporate Management and Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons:

| Assessment Item | Implementation Status | | | Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| 1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures | | | | |
| (1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? | √ | | (1) The company has formulated the Ethical Corporate Management Best Practice Principles which has been supported and approved by the board of directors. The management of the company advocates its business philosophy that the company attaches importance to and implements integrity through group conferences or emails at irregular intervals. | There is no big deviation. |
| (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? | √ | | (2) In order to implement the Ethical Corporate Management Best Practice Principles, the company has formulated the Ethical Management Standard Operating Procedure and Behavior Guidelines to detailedly stipulate the matters to be noted by the company's personnel when carrying out business. The contents of the Ethical Corporate Management Best Practice Principles and the Ethical Management Standard Operating Procedure and Behavior Guidelines include but are not limited to the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. | There is no big deviation. |

| Assessment Item | Implementation Status | | | Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| (3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies? | √ | | <p>Under the guidance of the above two superordinate guidelines, there are relevant Standard Operating Procedures (SOPs) for business activities with high risk of dishonest behavior implemented, such as the Agreement on Protection of Trade Secrets, Intellectual Property Rights and Non Competition; the Regulation on Company Personnel Behaviors of Honesty-Trust of TPK Holding Co., Ltd (hereinafter referred to as TPK); TPK Group Supplier Integrity Behavior Management Measures; the Supplier Honesty and Integrity Commitment Letter; and the Business Entertainment Expenses Application Standard Operating Procedure.</p> <p>(3) For internal employees, the company's Employee Handbook and various procedure books have provisions on punishment for violation of regulations, and a perfect and transparent complaint channel has been set up in the process of punishment, so as not to indulge any internal employees. For external partners including but not limited to all suppliers and clients, a channel for reporting violations of integrity is set up and disclosed on the company's website.</p> <p>The authority and responsible unit shall revise relevant systems according to the amendment of laws and regulations or the practical operation needs of the company at irregular intervals every year.</p> | There is no big deviation. |

| Assessment Item | Implementation Status | | | Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| 2. Ethic Management Practice | | | | |
| (1) Whether the company has assessed the ethics records of which it has business relationship with and includes business conduct and ethics related clauses in the business contracts? | ✓ | | (1) The company has formulated the Ethical Management Standard Operating Procedure and Behavior Guidelines, TPK Group Supplier Integrity Behavior Management Measures and the Supplier Honesty and Integrity Commitment Letter. The company has clearly stipulated that all suppliers shall sign and abide by them. For suppliers, gift money, kickback and transactions with related parties are all prohibited. In case of any violation, the contact with the suppliers shall be cut off, in order to achieve the most reasonable offer, the best quality and the best service. | There is no big deviation. |
| (2) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation? | ✓ | | (2) The Human Resources Department of the company handles the revision, implementation and interpretation of corporate integrity management policies and related procedures, and is committed to promoting the improvement of the corporate integrity system. The internal auditors of the company conduct inspections and evaluate the implementation effects in accordance with relevant regulations, and report the inspection results to the audit committee and the board of directors at least quarterly. The chairman office has set up the Discipline Department to accept the report, investigate and handle of the dishonest behavior of the company's | There is no big deviation. |

| Assessment Item | Implementation Status | | | Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| (3) Whether the company has established policies to prevent conflict of interests provide appropriate communication and complaint channels and implement such policies properly? | ✓ | | <p>internal personnel. The Discipline Department is committed to promoting the construction of honesty culture.</p> <p>(3) The company has formulated “Regulation of Conflict of Interest Management” to stipulate the reporting and handling workflow for any situation that may cause potential conflict of interest.</p> <p>New employees are required to sign the Ethical Corporate Management Best Practice Principles and the Ethical Management Standard Operating Procedure and Behavior Guidelines. They are required to be honest and upright, and are prohibited to accept kickback, so as to avoid sacrificing the interests of the company due to the employees’ personal interests.</p> | There is no big deviation. |
| (4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically? | ✓ | | <p>(4) In order to ensure the ethic management practice, the company has established an effective accounting system and an internal control system. The company’s internal auditors carry out various audits according to the annual audit plan in accordance with the risk assessment results.</p> | There is no big deviation. |
| (5) Does the company provide internal and external ethical conduct training programs on a regular basis? | ✓ | | <p>(5) All employees are required to sign the Integrity and Self-discipline Commitment Letter, promising that there will be no dishonest behavior. The company regularly organizes education trainings to advocate the principle of employee integrity. In 2020, the</p> | There is no big deviation. |

| Assessment Item | Implementation Status | | | Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | number of trainees was 9,243, with a total of 8,082 hours, including three training courses for new employees, <i>i.e.</i> , "Abide by Ethic Principle and Build a Good Faith TPK", "Performing duties with integrity and staying away from official crimes", and "Certification of Honesty Culture", respectively. In addition, an ethical advocacy mailbox has been set up, and one issue with ethical theme is sent out every week to build good corporate integrity culture of TPK. | |
| 3. Implementation of Complaint Procedures | | | | |
| (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? | ✓ | | (1) The company has set a complaint mailbox (7777@tpk.com) and a dedicated unit to handle relevant affairs in accordance with the procedures stipulated. | There is no big deviation. |
| (2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner? | ✓ | | (2) The company has set procedures for reporting and investigation. After the investigation is completed, the company will put forward suggestions for improvement and ask the responsible department to conduct parallel inspection to avoid similar problems. The director and personnel unit are responsible for keeping confidential on the data of the parties. | There is no big deviation. |
| (3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint? | ✓ | | (3) The identity of the whistleblower shall be kept confidential during the company's whistleblowing | There is no big deviation. |

| Assessment Item | Implementation Status | | | Deviations from "Ethical Corporate Management Best Practice Principles For TWSE/GTSM Listed Companies" and Reasons |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| | Yes | No | Summary | |
| | | | process to prevent whistleblower from being misconducted. | |
| 4. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")? | ✓ | | The company has a website to disclose information such as relevant measures, corporate culture, and business policies. | There is no big deviation. |
| 5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: None. | | | | |
| 6. Other important information for the learning of the execution condition of the company's credit management: (such as the review and revision of credit management rule) | | | | |
| (1) The Company's "Rules of Board Meeting Procedures" has a system for avoidance of directors' interests, the directors shall not take part in the decision if the cases listed in the board of directors have a relation with him or the juridical person represented by him, which will impair the company's interest, and shall not represent other directors to exercise voting rights. | | | | |
| (2) The Company has formulated "Preventing Internal Line Trading Management Operation", which specifies that directors, managers and servants must not disclose important internal information that they know to others, and must not inquire or collect personal information from those who know important information within the company, and shall not disclose undocumented internal information to others if the information is got rather than business execution. | | | | |

(7) If the company has formulated company rules and relative regulations, the query method of rules and regulations shall be disclosed:

This company has formulated the business operation rule and released it on the public information observation website. The company has operated and implemented related rules according to the company's operation spirit, and it will promote business operation by formulation of the relative management method and strengthening of transparent function of board of directors.

(8) Other important information which can facilitate the understanding of business operations: None.

(9) Implementation of Internal Control System

1. Statement of Internal Control System

TPK Holding Co., Ltd.

Statement of Internal Control System

Date: March 11, 2021

We hereby declare the results of the self-assessment of our internal control system in 2020 as below:

1. We acknowledge that it is the responsibility of the Company's Board of Directors and managers to establish, implement, and maintain the internal control system. We have established said system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including revenue, performance, and asset safety) and reporting are reliable, timely and transparent, as well as to ensure compliance with relevant regulations and laws.
2. Due to the inherent limitations of the internal control system, an effective internal control system can only provide reasonable assurance about the achievements of the three goals above, no matter how completely it is designed. Also, the effectiveness of an internal control system may vary when environment and circumstances change. However, our internal control system contains a self-supervision mechanism. We will immediately take corrective action towards any deficiency identified therefrom.
3. We determine the effectiveness of the design and implementation of our internal control system based on the criteria set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called the "Regulations"). The Regulations specify five elements during the management and control process that constitute the internal control system: a. control environment, b. risk assessment, c. control activities, d. information and communications, e. supervision activities. Each constituent element may include several topics. The foregoing elements are as described in the Regulations.
4. We have adopted the above criteria of the internal control system to assess the effectiveness of the design and implementation of our internal control system.
5. Based on the results of said assessment, we determined that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2020 have provided an effective design and implementation to reasonably ensure the achievement of goals, including the understanding of the achievement level of our effectiveness and efficiency goals, the reliability, timeliness, and transparency of reporting, as well as compliance with relevant regulations and laws.
6. This Report will form the major part of our annual report and prospectus, and will be disclosed to the public. Any misrepresentation, concealment and other illegal conduct will result in liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Report has been passed by the Board of Directors on March 11, 2021. Among the eight directors present at the meeting, zero members had objections, and the rest agreed to the statement herein.

TPK Holding Co., Ltd.

Chairman: Michael Chao-Juei Chiang

General Manager: Li-Chien Hsieh

2. If an accountant is entrusted to review internal audit control, the accountant review report shall be disclosed: None.

(10) Any penalties for violations of regulations or the Company's internal control systems; Major defects and the status of corrections of internal control systems for the most recent year and up to the publication date of this annual report: None

(11) Major resolutions of the board of shareholders and board of directors:

1. Major resolutions of the board of shareholders in 2020:

| Meeting Date | Major Resolutions | | Execution Status |
|------------------------------|-------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jun. 10 th , 2020 | Admit | 1. Admit 2019 Business Report and Consolidated Financial Statements | Implement the resolution and disclosure on MOPS. |
| | | 2. Admit 2019 Profit Distribution | Implement the resolution and disclosure on MOPS. |
| | Discuss | 1. Amend the Amended and Restated Memorandum of Association and Articles of Association | Passed according to the decision of the board of directors and announced after 2020 General Shareholders' Meeting, began to implement relative operation. |
| | | 2. Amend the Regulations Governing the Loaning of Funds to Others | Passed according to the decision of the board of directors and announced after 2020 General Shareholders' Meeting, began to implement. |
| | | 3. Amend the Rules of Shareholders' Meeting Procedures | Passed according to the decision of the board of directors and announced after 2020 General Shareholders' Meeting, began to implement. |

2. Major Resolutions of board of directors of fiscal year 2020 and up to April 10th, 2021:

| Meeting Date | Major Resolutions | | Execution Status |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The 4 th meeting of the 5 th Board of Directors February 21 st , 2020 | 1. 2019 consolidated financial statements and operation report (Note) | | It has been disclosure on MOPS on March 30 th , 2020 and submitted to authority on March 31 st , 2020; it has been approved after 2020 General Shareholders' Meeting. |
| | 2. The distribution of employees' and directors' remuneration of 2019 (Note) | | It has been disclosure on MOPS on February 21 st , 2020; and it has been reported to the shareholders in the 2020 General Shareholders' Meeting. |
| | 3. Proposal for 2019 profit distribution (Note) | | It has been disclosure on MOPS on February 21 st , 2020; and it has been reported to the shareholders in the 2020 General Shareholders' Meeting. |
| | 4. Plan to pass 2019 internal control system validity assessment and issue statement (Note) | | Compiled in the annual report according to regulations. |
| | 5. Independent assessment plan of certifying CPA in 2019 (Note) | | According to the evaluation results in 2019, Kuo, Tzu-Jung Accountant and Chuang, Pi-Yu Accountant of Deloitte & Touche can accord with the company's independence and eligibility evaluation criteria. |
| | 6. Annual operation plan of 2020 | | Implement the resolution. |

| Meeting Date | Major Resolutions | Execution Status |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 7. Amend the Amended and Restated Memorandum of Association and Articles of Association | It has been approved by the board of directors and it has been approved in the 2020 General Shareholders' Meeting. |
| | 8. Amend the Regulations Governing the Loaning of Funds to Others (Note) | It has been approved by the board of directors and it has been approved in the 2020 General Shareholders' Meeting. |
| | 9. Amend the Rules of Shareholders' Meeting Procedures (Note) | It has been approved by the board of directors and it has been approved in the 2020 General Shareholders' Meeting. |
| | 10. Amend the Rules of Board Meeting Procedures (Note) | It has been approved by the board of directors and it has been reported to the shareholders in the 2020 General Shareholders' Meeting. |
| | 11. Amend the Charter for the Audit Committee (Note) | Implement the resolution. |
| | 12. Convene the 2020 General Shareholders' Meeting, the date, location and agenda for the meeting | It has been disclosure on MOPS. |
| | 13. The matters related to the shareholders' proposal for the 2020 General Shareholders' Meeting | It has been disclosure on MOPS. |
| | 14. Appointment of Chief Financial Officer (Note) | It has been disclosure on MOPS on February 21 st , 2020. |
| | 15. Endorsement of Xiamen Jan Jia Optoelectronics Co., Ltd. to Jan Jia Trading Company Limited (Note) | It has been canceled by the board of directors on November 11 th , 2020 |
| | 16. The extension endorsement of TPK Touch Solutions (Xiamen) Inc. to TPK Universal Solutions Limited. extension (Note) | Implement the resolution. |
| | 17. To conduct approval of banking facilities for the Company | Implement the resolution. |
| The 5 th meeting of the 5 th Board of Directors May 12 th , 2020 | 1. To approve capital injection of Amplifi Technologies Inc (Note) | Implement the resolution. |
| | 2. To conduct approval of banking facilities for the Company | Implement the resolution. |
| | 3. Decide to pass the KPI bonus plan for senior managers in 2019. | Implement the resolution. |
| The 6 th meeting of the 5 th Board of Directors August 13 th , 2020 | 1. To approve TPK Touch Solutions (Xiamen) Inc. to increase capital of TPK Film Solutions (Xiamen) Inc. as result of debt to equity swap (Note) | The debt to equity swap has been implemented, but the merger has no actual action toward this mean time yet as of the publication date of the Annual Report. |
| | 2. The dissolution of TPK Technology International Inc. (Note) | Implement the resolution. |
| | 3. To establish Amplifi Tech Hong Kong Co., Limited's subsidiary in Xiamen (Note) | Implement the resolution. |
| | 4. Decide to pass remuneration distribution plan of independent Director in 2019. | Implement the resolution. |
| | 5. Amend the Charter for the Remuneration Committee | Implement the resolution. |

| Meeting Date | Major Resolutions | Execution Status |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 6. To approve the Methods to Evaluate Performance of the Board of Directors | Implement the resolution. |
| | 7. To approve the Company to invest in the private offering of Hennessy Capital Acquisition Corp. IV. for the merger with Canoo Holdings Ltd. (Note) | The Company acquired 10 million shares of Canoo Inc. upon the closing of the merger of Hennessy Capital Acquisition Corp. IV and Canoo Holding Ltd.. TPK may dispose shares based on the market condition. As of the annual report printing date, TPK has disposed 1,850,377 shares and currently holds 3.43% of Canoo Inc. |
| | 8. The loans of TPK Universal Solutions Limited to the Company (Note) | Implement the resolution. |
| The 7 th meeting of the 5 th Board of Directors November 11 th , 2020 | 1. To formulate 2021 “Annual Auditing Plan” (Note) | Implement the resolution and it has been disclosure on MOPS. |
| | 2. Amend the Procedures of the Internal Control System (Note) | Implement the resolution. |
| | 3. Amend the Enforcement Rules of the Internal Audit (Note) | Implement the resolution. |
| | 4. To conduct approval of banking facilities for the Company | Implement the resolution. |
| | 5. Endorsement of TPK Touch Solutions (Xiamen) Inc. to TPK Universal Solutions Limited (Note) | Implement the resolution. |
| | 6. To Cancel the endorsement of Xiamen Jan Jia Optoelectronics Co., Ltd. to Jan Jia Trading Company Limited (Note) | Implement the resolution. |
| The 8 th meeting of the 5 th Board of Directors March 11 th , 2021 | 1. 2020 consolidated financial statements and operation report (Note) | It has been disclosure on MOPS on March 11 th , 2021 and submitted to authority on March 30 th , 2021; and it has been listed on the agenda of 2021 General Shareholders’ Meeting as Matters for Approval. |
| | 2. The distribution of employees’ and directors’ remuneration of 2020 (Note) | It has been disclosure on MOPS on March 11 th , 2021 and it has been listed on the agenda of 2021 General Shareholders’ Meeting as Matters to Report. |
| | 3. Proposal for 2020 profit distribution (Note) | It has been disclosure on MOPS on March 11 th , 2021 and it has been listed on the agenda of 2021 General Shareholders’ Meeting as Matters for Approval. |
| | 4. Plan to pass 2020 internal control system validity assessment and issue statement (Note) | Compiled in the annual report according to regulations. |
| | 5. Independent assessment plan of certifying CPA in 2020 (Note) | According to the evaluation results in 2020, Kuo, Tzu-Jung Accountant and Chuang, Pi-Yu Accountant of Deloitte & Touche can accord with the company’s independence and eligibility evaluation criteria. |
| | 6. Annual operation plan of 2021 | Implement the resolution. |
| | 7. Convene the 2021 General Shareholders’ Meeting, the date, location and agenda for the meeting | It has been disclosure on MOPS. |

| Meeting Date | Major Resolutions | Execution Status |
|--------------|-------------------------------------------------------------------------------------------------|---------------------------------|
| | 8. The matters related to the shareholders' proposal for the 2021 General Shareholders' Meeting | It has been disclosure on MOPS. |
| | 9. Amend the use of Seal policy (Note) | Implement the resolution. |
| | 10. Amend the Charter for the Remuneration Committee (Note) | Implement the resolution. |
| | 11. Decide to pass the 2020 extraordinary performance bonus of senior managers | Implement the resolution. |
| | 12. To approve the Company's syndicated loan agreement | Implement the resolution. |
| | 13. To conduct approval of banking facilities for the Company | Implement the resolution. |
| | 14. Authorization of supervisor for derivatives transactions (Note) | Implement the resolution. |

Note: Matters included in Article 14-5 of the Securities and Exchange Act.

- (12) Major dissenting comments among directors over board meeting resolutions for the most recent year and up to the publication date of this annual report: None
- (13) In the most recent year and up to the date of publication of the annual report, Resignation or Dismissal of the Company related persons (include Chairman, President, Accounting Supervisor, CFO, Internal Audit Supervisor, Corporate Governance Supervisor and R&D Supervisor):

| Title | Name | Date of Appointment | Date of Termination | Reasons for Resignation or Dismissal |
|-------|---------------|---------------------|---------------------|--------------------------------------|
| CFO | Jong-Yih Chen | 2017.09.01 | 2020.02.21 | Personal reasons |

5. Information on CPA Professional Fees

CPA Professional Fees by Fee Range

| Accounting Firm | Name of CPA | | CPA's Audit Period | Remark |
|-------------------|--------------|--------------|-----------------------|--------|
| Deloitte & Touche | Tzu-Jung Kuo | Pi-Yu Chuang | 01/01/2020-12/31/2020 | — |

Unit: NT\$ thousands

| Fee Range | | Item | Audit Fee | Non-audit Fee | Total |
|-----------|-----------------------------------------------|------|-----------|---------------|--------|
| 1 | Less than NT\$ 2,000 thousands | | — | 1,625 | — |
| 2 | NT\$ 2,000 thousands to NT\$ 4,000 thousands | | — | — | — |
| 3 | NT\$ 4,000 thousands to NT\$ 6,000 thousands | | — | — | — |
| 4 | NT\$ 6,000 thousands to NT\$ 8,000 thousands | | — | — | — |
| 5 | NT\$ 8,000 thousands to NT\$ 10,000 thousands | | — | — | — |
| 6 | More than NT\$ 10,000 thousands | | 13,200 | — | 14,825 |

Information on CPA Professional Fees

Amount Unit: NT\$ thousands

| Accounting Firm | Name of CPA | Audit Fee | Non-audit Fee | | | | | CPA's Audit Period | Remark |
|-------------------|--------------|-----------|---------------|----------------------|----------------|--------|----------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| | | | System Design | Company Registration | Human Resource | Others | Subtotal | | |
| Deloitte & Touche | Tzu-Jung Kuo | 13,200 | — | 225 | — | 1,400 | 1,625 | 01/01/2020-12/31/2020 | Non-audit fees, "Others" mainly includes fees paid for services to prepare transfer pricing report, tax filing and paper processing. |
| | Pi-Yu Chuang | | | | | | | | |

The Company shall disclose CPA professional fees if given any one of the following conditions:

- (1). Non-audit fees paid to the CPA, to the accounting firm of the CPA, and/or to any affiliates of such accounting firm are one quarter or more of the audit fees paid thereto: Not applicable.
- (2). The company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: Not applicable.
- (3). Audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more: Not applicable.

6. Information on Replacement of CPA:

- (1). Former CPAs: None.
- (2). Successor CPAs: None.
- (3). The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 to the Regulations Governing Information to be published in Annual Reports of Public Companies: None.

7. Audit Independence :

TPK's Chairman, CEO, CFO, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within the Accounting Firm or Its Affiliates of TPK's CPA in the Most Recent Year.

8. Changes in shareholding and/or pledge of Directors, Supervisors, Managers, and major shareholders with more than 10 percent shareholding during the most recent year or as of the annual report printing date:

- (1) Change in shareholding of directors, Supervisors, managers, and major shareholders with more than 10 percent shareholding.

| Position | Name | 2020 | | Current year (2021) as of April 10, 2021 | |
|-----------------------|-----------------------------------------------------------------------|-------------------------------------|---------------------------------------|------------------------------------------|---------------------------------------|
| | | Increase (decrease) of shareholding | Increase (decrease) of shares pledged | Increase (decrease) of shareholding | Increase (decrease) of shares pledged |
| Chairman | Michael Chao-Juei Chiang | — | — | — | — |
| Director | Capable Way Investments Limited Representative: Li-Chien Hsieh | — | — | — | — |
| Director | Max Gain Management Limited Representative: Heng-Yao Chang | — | — | — | — |
| Director | High Focus Holdings Limited Representative: Tsung-Liang Tsai | — | — | — | — |
| Director | Global Yield International Co., Ltd. Representative: Shih-Ming Liu | — | — | — | — |
| Vice Chairman | Foster Chiang(Note1) | — | — | — | — |
| Independent Director | Horng-Yan Chang | — | — | — | — |
| Independent Director | Ming-Jeng Weng | — | — | — | — |
| Independent Director | Fong-Nien Chiang | — | — | — | — |
| President | Li-Chien Hsieh | — | — | — | — |
| Senior Vice President | Tsung-Liang Tsai | — | — | — | — |
| Senior Vice President | Shih-Ming Liu | — | — | — | — |
| Senior Vice President | Freddie Liu | — | — | — | — |
| Senior Vice President | Ming-Chung Chuang | — | — | — | — |
| Senior Vice President | Jen-I Tai | — | — | — | — |
| Vice President | Pei-Ching Tsai (Note2) | 14,000 | — | — | — |
| Vice President | Jong-Yih Chen(Note3) | — | — | — | — |
| Vice President | Yu-Sheng Kai(Note4) | — | — | — | — |
| Accountant Officer | Hu-Yao Lin | — | — | — | — |

Note 1: Foster Chiang resigned on August 18, 2020.

Note 2: Appointed of Financial Executive on February 21, 2020.

Note 3: Discharged of Financial Executive on February 21, 2020, and resigned on February 29, 2020.

Note 4: Yu-Sheng Kai resigned on June 30, 2020

- (2) Relative person of equity transfer or equity pledge of related party: Not applicable.

9. Information on relationships among the Top 10 Shareholders

April 10, 2021; Unit: Shares; %

| Name | Shareholding | | Present shareholdings of spouse and minor children | | Shares held in another's name | | Name and relationship between the company's top ten shareholders, or spouses or relatives within two degrees | |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------|----------------------------------------------------|-----------------------|-------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------|------------------|
| | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Shares | Ratio of shareholding | Name | Relation |
| Max Gain Management Limited Representative: Michael Chao-Juei Chiang | 25,222,643 | 6.20% | — | — | — | — | (1) Capable Way Investments Limited (2) High Focus Holdings Limited | Same shareholder |
| Capable Way Investments Limited Representative: Michael Chao-Juei Chiang | 23,139,855 | 5.69% | — | — | — | — | (1) Max Gain Management Limited (2) High Focus Holdings Limited | Same shareholder |
| Michael Chao-Juei Chiang | 17,720,401 | 4.36% | — | — | 100,000 | 0.02% | | |
| High Focus Holdings Limited Representative: Michael Chao-Juei Chiang | 13,273,610 | 3.26% | — | — | — | — | (1) Capable Way Investments Limited (2) Max Gain Management Limited | Same shareholder |
| JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds | 4,771,313 | 1.17% | — | — | — | — | — | — |
| Vanguard Emerging Markets Stock Index Fund A Series Of Vanguard International Equity Index Funds | 4,633,288 | 1.14% | | | | | | |
| Chang, Hung-Chieh | 4,188,000 | 1.03% | — | — | — | — | — | — |
| J.P. MORGAN SECURITIES PLC | 3,862,006 | 0.95% | — | — | — | — | — | — |
| Acadian Emerging Markets Small Cap Equity Fund LLC | 3,710,000 | 0.91% | — | — | — | — | — | — |
| HSBC BANK PLC - IB ASIAN SBL | 3,695,994 | 0.91% | — | — | — | — | — | — |

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

As of December 31, 2020; Unit: Share; %

| Long-term Investment(Note 1) | Ownership by TPK | | Ownership by Directors, Supervisors, Managers and Directly/Indirectly Controlled Subsidiaries | | Total Ownership | |
|------------------------------------------|---------------------------|---------|-----------------------------------------------------------------------------------------------|---|---------------------------|---------|
| | Shares | % | Shares | % | Shares | % |
| TPK Touch Solutions Inc. | 50,717,000 | 100.00% | — | — | 50,717,000 | 100.00% |
| Cando Corporation | 77,124,591 | 19.78% | — | — | 77,124,591 | 19.78% |
| TPK Touch Solutions (Xiamen) Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| TPK Lens Solutions Inc. | Note 3 | — | — | — | Note 3 | — |
| TPK Touch Systems (Xiamen) Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| Ray-Star Optical Solutions (Xiamen) Inc. | Note 3 | — | — | — | Note 3 | — |
| TPK Glass Solutions (Xiamen) Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| Xiamen Jan Jia Optoelectronics Co., Ltd. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| TPK Film Solutions (Xiamen) Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| TPK MasTouch Solutions (Xiamen) Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| TPK Touch Solutions (Pingtan) Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| TPK Material Solutions Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| TPK Advanced Solutions Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| Trend Trading (Xiamen) Inc. | Note 2 & 4 | 100.00% | — | — | Note 2 & 4 | 100.00% |
| TPK Material Solutions (Xiamen) Inc. | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| Upper Year Holdings Limited | 196,250,000 | 100.00% | — | — | 196,250,000 | 100.00% |
| Improve Idea Investments Ltd. | 154,490,000 | 100.00% | — | — | 154,490,000 | 100.00% |
| Optera TPK Holding Pte. Ltd. | 31,000 | 100.00% | — | — | 31,000 | 100.00% |
| TPK Technology International Inc. | Note 3 | — | — | — | Note 3 | — |
| TPK America, LLC | Note 2 | 100.00% | — | — | Note 2 | 100.00% |
| Ray-Star Universal Solutions Limited | 469,498,000 | 100.00% | — | — | 469,498,000 | 100.00% |
| TPK Universal Solutions Limited | 467,498,000 | 100.00% | — | — | 467,498,000 | 100.00% |
| TPK Asia Pacific Sdn.Bhd | 632,187 | 100.00% | — | — | 632,187 | 100.00% |
| Ray-Star System Solutions Limited | Note 3 | — | — | — | Note 3 | — |
| TPK Film Solutions Limited | 18,000,000 | 100.00% | — | — | 18,000,000 | 100.00% |
| Jan Jia Trading Company Limited | 500,000 | 100.00% | — | — | 500,000 | 100.00% |
| Amplifi Technologies Inc. | 15 (Note 5 & 6) | 57.69% | — | — | 15 (Note 5 & 6) | 57.69% |
| Amplifi Tech Hong Kong Co., Limited | 1,000,000 (Note 5 & 6) | 57.69% | — | — | 1,000,000 (Note 5 & 6) | 57.69% |

Note 1: Invested by Equity Method

Note 2: These firms do not issue shares. TPK's investment is measured as a percentage of ownership.

Note 3: The liquidation process of Ray-Star System Solutions Limited, TPK Lens Solutions Inc., Ray-Star Optical Solutions (Xiamen) Inc. and TPK Technology International Inc. were completed in January, March, March, and November 2020, respectively.

Note 4: TPK Chenqi (Mainland) Solutions Inc. changed its name to Trend Trading (Xiamen) Inc. in April 2020.

Note 5: TPK had set up Amplifi Technologies Inc. ("AMPH") in December 2019 and a capital was invested in AMPH in 2020. AMPH had set up Amplifi Tech Hong Kong Co., Limited as its subsidiary in April 2020.

Note 6: TPK's ownership of Amplifi Technologies Inc. and its subsidiary decreased from 100% to 57.69% because external investor participated in cash issuance of new shares.

IV. Capital Overview

1. Capital and Shares

(1). Source of share capital

1. Capital formation

Unit: NT\$ thousands/One thousand shares

| Date/Month | Issuing Price | Authorized Capital Stock | | Issued Capital Stock | | Notes | | |
|----------------|---------------|--------------------------|-----------|----------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------|
| | | Shares | Amount | Shares | Amount | Source of share capital | Written off with property other than cash | Other |
| November 2005 | USD 0.1 | 500,000 | USD50,000 | 250,000 | USD25,000 | Increment of cash | — | — |
| August 2006 | USD 0.1 | 500,000 | USD50,000 | 308,261 | USD30,826 | Increment of cash | — | — |
| February 2010 | NT\$10 | 300,000 | 3,000,000 | 180,000 | 1,800,000 | (1) Authorized equity changes from USD50,000,000 to NT\$3,000,000,000 (2) Issued equity changes from USD30,826,000 to NT\$1,000,000,000 (3) Handle Stock Div-Cpl Reserve NT\$800,000,000 | — | Note 1 |
| July 2010 | NT\$10 | 300,000 | 3,000,000 | 196,068 | 1,960,675 | Handle stock issuance of 9,000,000 options and 7,067,522 employee stock options | — | Note 2 |
| October 2010 | NT\$10 | 300,000 | 3,000,000 | 224,068 | 2,240,675 | Cash increase 28,000,000 | — | Note 3 |
| August 2011 | NT\$10 | 400,000 | 4,000,000 | 235,271 | 2,352,709 | Surplus to increment 11,203,376 | — | Note 4 |
| May 2012 | NT\$10 | 600,000 | 6,000,000 | 236,961 | 2,369,609 | 1,690,000 employee stock options | — | |
| June 2012 | NT\$10 | 600,000 | 6,000,000 | 238,550 | 2,385,499 | 1,589,000 employee stock options | — | |
| July 2012 | NT\$10 | 600,000 | 6,000,000 | 309,131 | 3,091,312 | Surplus to increment 70,581,269 | — | Note 5 |
| August 2012 | NT\$10 | 600,000 | 6,000,000 | 309,320 | 3,093,202 | 189,000 employee stock options | — | |
| September 2012 | NT\$10 | 600,000 | 6,000,000 | 309,357 | 3,093,572 | 37,000 employee stock options | — | |
| October 2012 | NT\$10 | 600,000 | 6,000,000 | 326,980 | 3,269,802 | 23,000 employee stock options Overseas Depository Receipts 17,600,000 | — | |
| November 2012 | NT\$10 | 600,000 | 6,000,000 | 326,996 | 3,269,962 | 16,000 employee stock options | — | |
| December 2012 | NT\$10 | 600,000 | 6,000,000 | 327,135 | 3,271,352 | 139,000 employee stock options | — | |
| January 2013 | NT\$10 | 600,000 | 6,000,000 | 327,140 | 3,271,402 | 5,000 employee stock options | — | |
| February 2013 | NT\$10 | 600,000 | 6,000,000 | 327,152 | 3,271,522 | 12,000 employee stock options | — | |
| March 2013 | NT\$10 | 600,000 | 6,000,000 | 327,180 | 3,271,802 | 28,000 employee stock options | — | |
| May 2013 | NT\$10 | 600,000 | 6,000,000 | 328,508 | 3,285,078 | 1,198,000 employee stock options Foreign Convertible Bonds 129,592 | — | |
| June 2013 | NT\$10 | 600,000 | 6,000,000 | 328,600 | 3,286,008 | 93,000 employee stock options | — | |
| July 2013 | NT\$10 | 600,000 | 6,000,000 | 328,854 | 3,288,538 | 253,000 employee stock options | — | |
| August 2013 | NT\$10 | 600,000 | 6,000,000 | 329,015 | 3,290,148 | 161,000 employee stock options | — | |
| September 2013 | NT\$10 | 600,000 | 6,000,000 | 329,102 | 3,291,018 | 87,000 employee stock options | — | |
| October 2013 | NT\$10 | 600,000 | 6,000,000 | 329,105 | 3,291,048 | 3,000 employee stock options | — | |
| November 2013 | NT\$10 | 600,000 | 6,000,000 | 329,110 | 3,291,098 | 5,000 employee stock options | — | |
| December 2013 | NT\$10 | 600,000 | 6,000,000 | 329,289 | 3,292,888 | 179,000 employee stock options | — | |
| January 2014 | NT\$10 | 600,000 | 6,000,000 | 329,295 | 3,292,948 | 6,000 employee stock options | — | |
| February 2014 | NT\$10 | 600,000 | 6,000,000 | 329,310 | 3,293,098 | 15,000 employee stock options | — | |
| March 2014 | NT\$10 | 600,000 | 6,000,000 | 329,535 | 3,295,348 | 225,000 employee stock options | — | |
| May 2014 | NT\$10 | 600,000 | 6,000,000 | 329,743 | 3,297,428 | 208,000 employee stock options | — | |

| Date/Month | Issuing Price | Authorized Capital Stock | | Issued Capital Stock | | Notes | | |
|----------------|---------------|--------------------------|-----------|----------------------|-----------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------|
| | | Shares | Amount | Shares | Amount | Source of share capital | Written off with property other than cash | Other |
| June 2014 | NT\$10 | 600,000 | 6,000,000 | 330,736 | 3,307,358 | 993,000 employee stock options | — | |
| July 2014 | NT\$10 | 600,000 | 6,000,000 | 330,938 | 3,309,378 | 202,000 employee stock options | — | |
| August 2014 | NT\$10 | 600,000 | 6,000,000 | 330,956 | 3,309,558 | 18,000 employee stock options | — | |
| September 2014 | NT\$10 | 600,000 | 6,000,000 | 331,136 | 3,311,358 | 180,000 employee stock options | — | |
| October 2014 | NT\$10 | 600,000 | 6,000,000 | 331,152 | 3,311,518 | 16,000 employee stock options | — | |
| November 2014 | NT\$10 | 600,000 | 6,000,000 | 331,273 | 3,312,728 | 121,000 employee stock options | — | |
| December 2014 | NT\$10 | 600,000 | 6,000,000 | 331,295 | 3,312,948 | 22,000 employee stock options | — | |
| January 2015 | NT\$10 | 600,000 | 6,000,000 | 331,383 | 3,313,828 | 88,000 employee stock options | — | |
| February 2015 | NT\$10 | 600,000 | 6,000,000 | 331,387 | 3,313,868 | 4,000 employee stock options | — | |
| April 2015 | NT\$10 | 600,000 | 6,000,000 | 351,387 | 3,513,868 | Overseas Depository Receipts 20,000,000 | — | |
| June 2015 | NT\$10 | 600,000 | 6,000,000 | 351,604 | 3,516,038 | 217,000 employee stock options | — | |
| July 2015 | NT\$10 | 600,000 | 6,000,000 | 351,618 | 3,516,178 | 14,000 employee stock options | — | |
| August 2015 | NT\$10 | 600,000 | 6,000,000 | 351,631 | 3,516,318 | 14,000 employee stock options | — | |
| March 2016 | NT\$10 | 600,000 | 6,000,000 | 346,634 | 3,466,338 | Cancel the treasury stock 4,998,000 | — | Note 6 |
| September 2017 | NT\$10 | 600,000 | 6,000,000 | 406,634 | 4,066,338 | Overseas Depository Receipts 59,820,000, 180,000 employee stock options total issuance of 60,000,000 stocks | — | |
| November 2017 | NT\$10 | 600,000 | 6,000,000 | 406,664 | 4,066,638 | 30,000 employee stock options | — | |

Note 1: Passed by the board of shareholders on January 8, 2010, took effect on February 25, 2010.

Note 2: Passed by the board of directors on June 23, 2010, took effect on July 1, 2010.

Note 3: Passed by the board of directors on August 23, 2010, took effect on September 28, 2010.

Note 4: Passed by the board of directors on June 28, 2011, took effect on August 23, 2011.

Note 5: Passed by the board of directors on June 11, 2012, took effect on July 20, 2012.

Note 6: Passed by the board of directors on February 26, 2016, took effect on March 16, 2016.

2. Listed Stocks

Unit: share

| Stocks | Authorized capital stock | | | Notes |
|--------------|--------------------------|-----------------|-------------|----------------------|
| | Outstanding Shares | Unissued Shares | Total | |
| Common stock | 406,663,759 | 193,336,241 | 600,000,000 | As of April 10, 2021 |

3. Summarize relative information of declaration system: Not applicable.

(2) Composition of shareholders

April 10, 2021; share; %

| Composition of shareholders Quantity | Government entity | Financial institutions | Other judicial persons | Foreign entities and individuals | Individuals | Total |
|-----------------------------------------|-------------------|------------------------|------------------------|----------------------------------|-------------|-------------|
| Shareholders | 0 | 0 | 89 | 278 | 42,019 | 42,386 |
| Shareholding (shares) | 0 | 0 | 7,637,913 | 167,168,355 | 231,857,491 | 406,663,759 |
| Ratio of shareholding | 0% | 0% | 1.88% | 41.11% | 57.01% | 100.00% |

Note 1: Shares held by China's ownership is 0%.

(3) Distribution Profile of Share Ownership

1. Common Share: NT\$10 par value

April 10, 2021; Unit: share/NT\$10 par value

| Shareholding scale | Number of shareholders | Number of shares held | Percentage of shareholding |
|---------------------|------------------------|-----------------------|----------------------------|
| 1 ~ 999 | 2,027 | 389,991 | 0.1% |
| 1,000 ~ 5,000 | 31,810 | 65,900,677 | 16.21% |
| 5,001 ~ 10,000 | 4,516 | 35,792,233 | 8.8% |
| 10,001 ~ 15,000 | 1,370 | 17,807,683 | 4.38% |
| 15,001 ~ 20,000 | 824 | 15,404,500 | 3.79% |
| 20,001 ~ 30,000 | 709 | 18,380,715 | 4.52% |
| 30,001 ~ 40,000 | 305 | 11,060,009 | 2.72% |
| 40,001 ~ 50,000 | 188 | 8,715,809 | 2.14% |
| 50,001 ~ 100,000 | 354 | 25,165,541 | 6.19% |
| 100,001 ~ 200,000 | 154 | 21,568,372 | 5.3% |
| 200,001 ~ 400,000 | 62 | 17,959,080 | 4.42% |
| 400,001 ~ 600,000 | 21 | 10,403,542 | 2.56% |
| 600,001 ~ 800,000 | 8 | 5,638,000 | 1.39% |
| 800,001 ~ 1,000,000 | 5 | 4,422,498 | 1.09% |
| More than 1,000,001 | 33 | 148,055,109 | 36.39% |
| Total | 42,386 | 406,663,759 | 100% |

2. Preferred stock: This Company is no issuing of preferred stock

(4) Major shareholders (Top 10 shareholders):

April 10, 2021; shares

| Names of major shareholders | Number of shares | Shareholding (Shares) | Percentage |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------|------------|
| Max Gain Management Limited | | 25,222,643 | 6.20% |
| Capable Way Investments Limited | | 23,139,855 | 5.69% |
| Michael Chao-Juei Chiang | | 17,720,401 | 4.36% |
| High Focus Holdings Limited | | 13,273,610 | 3.26% |
| JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds | | 4,771,313 | 1.17% |
| Vanguard Emerging Markets Stock Index Fund A Series Of Vanguard International Equity Index Funds | | 4,633,288 | 1.14% |
| Chang, Hung-Chieh | | 4,188,000 | 1.03% |
| J.P. MORGAN SECURITIES PLC | | 3,862,006 | 0.95% |
| Acadian Emerging Markets Small Cap Equity Fund LLC | | 3,710,000 | 0.91% |
| HSBC BANK PLC - IB ASIAN SBL | | 3,695,994 | 0.91% |

(5) Market Price, Net Worth, Earnings, and Dividends per Common Share

Unit: NT\$/thousand shares

| Item | | | Year | 2019 | 2020 |
|------------------------------|---------------------------------------------|------------------------|------|---------|---------------|
| Market Price Per Share | Highest | | | 69.70 | 58.70 |
| | Lowest | | | 45.55 | 31.70 |
| | Average | | | 55.21 | 46.62 |
| Net Worth Per Share | Before Distribution | | | 88.94 | 90.20 |
| | After Distribution | | | 88.94 | 89.20(Note 1) |
| Earnings Per Share | Weighted Average Shares | | | 406,717 | 406,891 |
| | Diluted Earnings Per Share | | | 0.51 | 2.53 |
| Dividends Per Share (Note 6) | Cash Dividends | | | — | 1.00(Note 1) |
| | Stock Dividend Distribution | From Retained Earnings | | — | — (Note 1) |
| | | From Capital Reserve | | — | — (Note 1) |
| | Accumulated Undistributed Dividend (Note 2) | | | — | — |
| Return on Investment | Price/Earnings Ratio (Note 3) | | | 107.50 | 18.39 |
| | Price/Dividend Ratio (Note 4) | | | — | 46.62(Note 1) |
| | Cash Dividend Yield (Note 5) | | | — | 2.15%(Note 1) |

Note 1: Pending the shareholders' meeting approval.

Note 2: If the undistributed dividends for current year will be accumulated and distributed on next profit year in accordance with terms of Securities Issuance, accumulated unpaid dividends at the end of the year shall be disclosed.

Note 3: Price/Earnings Ratio = Average Market Price/ Diluted Earnings Per Share

Note 4: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share

Note 5: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price

Note 6: Dividends Per Share are approved by the Members by a resolution adopted at next general meeting.

(6) TPK's Dividend Policy and Implementation

1. Dividend Policy in Company's Articles of Incorporation:

Under the Company's Articles 34.1 of Incorporation (the "Articles"), the Company may distribute its profits in accordance with the proposals made by the Company's board of directors for a distribution plan and approved in the annual shareholders' meeting. While distributing any profit, the profit shall be first utilized for offsetting losses of previous years, and 10% of the remaining profit shall be set aside as a legal reserve until the accumulated legal reserve equals the Company's paid-in capital. Secondly, the Company shall appropriate the remaining profit to a special reserve in accordance with the Applicable Public Company Rules or as requested by the competent authorities. Any remaining profit together with any undistributed retained earnings may be distributed as dividends (including cash dividends and share dividends) or bonuses under the Company Law of the Cayman Islands and Applicable Public Company Rules after taking into consideration the financial, business and operational factors. The total amount to be distributed as dividends shall be no less than 10 % of the remaining profit, where the total amount of the distributed cash dividends shall be greater than 10 % of the total dividends. However, if dividends per share is less than NT\$1 in any given year, the aforementioned 10% threshold shall not apply. The Company may decide to distribute cash dividends or share dividends in whole or in part at its sole discretion. If the Company's distribute earnings for the current year are less than 10% of the paid-in capital of the Company at the end of the fiscal year, the Company may decide not to pay any dividend (including cash dividends or stock dividends) for the current year.

In accordance with the amended Company Act which was announced in May 2015, the recipients of share dividends and bonuses are limited to shareholders and do not include employees. On May 29, 2018, the shareholders' meeting resolved to amend appropriation of earnings in the Articles and set up the policies on the distribution of employees' compensation.

2. Proposal to Distribute 2020 Earnings

As resolved by TPK's Board of Directors on March 11, 2021, it is intended to distribute cash dividends of NT\$406,663,759 (NT\$1 per share) to shareholders. The proposal will be submitted to the shareholders' meeting for resolution.

(7) Effect upon Business Performance and Earnings Per Share of Any Stock Dividend Distribution Proposed or Adopted at The Most Recent Shareholders' Meeting:

Not applicable.

(8) Compensation to Directors and Employees

1. The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation

The Company accrued employees' compensation and remuneration of directors at rates of no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. If the Company has losses of previous years, net profit before income tax should be retained for offsetting the amount of those losses.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting

treatment of any discrepancy between the actual distributed amount and the estimated figure, for the current period:

- (1) The basis for estimating the amount of employee and director compensation in 2020:
 - ① The basis for estimating employee compensation: The net profit before income tax should be retained for offsetting the amount of losses of previous years, and the remuneration is in accordance with the distribution percentage under the Articles.
 - ② The basis for estimating director compensation: The net profit before income tax should be retained for offsetting the amount of losses of previous years, and the remuneration is in accordance with the distribution percentage under the Articles.
- (2) The basis for calculating the number of shares to be distributed as employee compensation: Not applicable.
- (3) The accounting treatment of any discrepancy between the actual distributed amount and the estimated figure: If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

3. Information on approval by the Board of Directors of distribution of compensation

- (1) 2020 director and employee compensation were approved by the Board of Directors at its meeting on March 11, 2021.
Employee Compensation (Cash): US\$ 355,000.
Director Compensation (Cash): US\$ 324,000.
- (2) The amount of employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of after-tax net income in 2020 and total employee compensation: Not applicable.

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

- (1) 2019 director and employee compensation
Employee Compensation (Cash): US\$ 100,000.
Director Compensation: None.
- (2) The discrepancy between the above amount and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated: None.

(9) Company shares purchased by this company itself: None.

2. Issuance of corporate bonds (includes overseas bonds):

- (1) This company is no issuing of domestic corporate bond.
- (2) Overseas corporate bond:
The first overseas unsecured convertible corporate bond in 2012 had been returned on October 30, 2015.
The first overseas unsecured convertible corporate bond in 2015 had been returned on April 8, 2018.
- (3) Convertible Bond
The first overseas unsecured convertible corporate bond in 2012 had been returned on October 30, 2015.
The first overseas unsecured convertible corporate bond in 2015 had been returned on April 8, 2018.

3. Issuance of preferred shares:

N/A.

4. Issuance of GDR:

| Issuing (processing) date | October 1, 2012 | April 8, 2015 | September 8, 2017 |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Items | | | |
| Issuing (processing) date | October 1, 2012 | April 8, 2015 | September 8, 2017 |
| Issuance and trade location | Luxembourg Stock Exchange | Luxembourg Stock Exchange | Luxembourg Stock Exchange |
| Total issuance amount | USD236,192,000 | USD133,600,000 | USD237,000,000 |
| Issuance price per unit | \$13.42 per unit | \$6.68 per unit | \$3.95 per unit |
| Total Number of Issuance Units | 17,600,000 Overseas Depository Receipts manifest 17,600,000 ordinary shares | 20,000,000 Overseas Depository Receipts manifest 20,000,000 ordinary shares | 59,820,000 Overseas Depository Receipts manifest 59,820,000 ordinary shares, plus 180,000 employee stock options, the total amount of ordinary shares is 60,000,000 |
| Manifest the Source of Securities | The source of securities in this depository is from the cash increment of 17,600,000 shares | The source of securities in this depository is from the cash increment of 20,000,000 shares | The source of securities in this depository is from the cash increment of 60,000,000 shares |
| Manifest the Number of Securities | Per depository receipt will manifest 1 TPK ordinary share | Per depository receipt will manifest 1 TPK ordinary share | Per depository receipt will manifest 1 TPK ordinary share |
| Right and obligation of the owner of depository receipt | <p>1. Voting right: Otherwise stipulated in the regulation, holders of depository receipts may exercise their voting rights of TPK ordinary shares manifested by depository receipt according to the relevant provisions of the R.O.C and the British Cayman Islands as well as relevant provisions of the depository deeds.</p> <p>2. Dividend distribution, pre-emptive rights of new stock and other interests: Otherwise stipulated in the depository deed, the holder of a depository certificate can enjoy the same dividend distribution and other rights of allotment as the ordinary shareholders of TPK. If TPK issues stock dividends or handles other share distribution issued in the future, the depository institution may issue corresponding amount to holders of deposit certificate based on the original units held according to depository deeds and relevant laws; or the institution can increase the number</p> | | |

| | | | |
|----------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| | | <p>of ordinary shares manifested by each unit of depository receipts, or the institution can sell the stock dividends on behalf of the holder of the depository certificate, and shall give the incomes (after deduction of tax and relevant expenses) by a certain proportion to holders of the depository receipt within the scope of law.</p> <p>When TPK handles cash increment or other stock options, holders of depository receipts shall enjoy the same rights as the common stock shareholders; the depository institution shall provide relevant rights to the holder of the depository receipt, or sell the rights on behalf of the holder of the depository receipt, and shall give the incomes (after deduction of tax and relevant expenses) by a certain proportion to holders of the depository receipt based on the depository deed according to the regulations and laws of R.O.C and British Cayman Islands.</p> | |
| Assignee | | N/A | N/A |
| Depository institution | | Citibank, N.A. | Citibank, N.A. |
| Custodian | | Citibank Taiwan Limited | Citibank Taiwan Limited |
| Un-reconvertible Balance | | 2,000 | |
| Allocation way of expenses during issuing and duration period | | <p>1. Fees related to the issuance of overseas depository receipts: The issuance expenses incurred in relation to the issuance of overseas depository receipts, including legal fees, listing fees, financial advisory fees and any other related expenses, etc. shall be undertaken by the issuing company and the selling shareholders otherwise stipulated in the regulation or agreed by the company and sponsored underwriter and custodian institution.</p> <p>2. Fees in duration: Fees in duration which include information disclosure and other expenses shall be undertaken by the issuing company otherwise stipulated in the regulation or agreed by the company and sponsored underwriter and custodian institution.</p> | |
| Important items of depository contract and custodian contract | | Refer to depository contract and custodian contract for details | |
| Market price per unit (dollar) | 2020 | Highest | 1.99 |
| | | Lowest | 1.04 |
| | | Average | 1.59 |
| | From this year (2021) to April 10, 2021 | Highest | 1.84 |
| | | Lowest | 1.49 |
| | | Average | 1.67 |

5. Employees stock options:

(1) Information of employee stock option

April 10, 2021; unit: Share/NT\$

| Type of employee stock option certificate | First employee stock option in 2010 | First employee stock option in 2014 |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Approval date of declaration | July 27, 2010 (Note 1) | December 1, 2014 |
| Issuance Date | May 1, 2010 | November 5, 2015 |
| Duration | 10 | 5 |
| Number of issuing units | 9,000 units | 10,000 units |
| Ratio of subscribed shares to the total amount of issued shares (%) | 2.21% | 2.46% |
| Subscription period | The stockholder expires 2 years after the expiration of the employee stock option certificate | The stockholder expires 2 years after the expiration of the employee stock option certificate |
| Method of performance | Issuance of new shares | Issuance of new shares |
| Restricted subscription period and ratio (%) | Implement 50% after expiration of 2 years Implement 75% after expiration of 3 years Implement 100% after expiration of 4 years | Implement 50% after expiration of 2 years, Implement 75% after expiration of 3 years, Implement 100% after expiration of 4 years |
| Implemented subscription No. | 8,050 | 30 |
| Implemented subscription amount | 912,343 | 3,000 |
| Number of shares not executed | - | - |
| Subscription price per share for those who do not implement subscription | - | - |
| Ratio of non-subscribed shares to total issued shares (%) | - | - |
| Impact on shareholder's equity | Small impact on the dilution of the original common stockholders' equity | Small impact on the dilution of the original common stockholders' equity |

Note 1: Public release day of this company.

Note 2: All the durations have expired.

(2) Execution condition of employee private stock option from last year to this report's printing:

None.

(3) List of Executives Receiving Employee Stock Options and the Top Ten Employees with Stock Options

April 10, 2021; unit: Share/NT\$

| | Position | Name | Subscription No. | % of subscription No. to total issued capital stock | Implemented | | | | Unimplemented | | | |
|-------------------|-----------------------|------------------------------|------------------|-----------------------------------------------------|------------------|--------------------------------|---------------------|-----------------------------------------------------------|------------------|--------------------|---------------------|-----------------------------------------------------------|
| | | | | | Subscription No. | Subscription Price | Subscription Amount | % of subscription No. to total issued stock capital stock | Subscription No. | Subscription Price | Subscription Amount | % of subscription No. to total issued stock capital stock |
| Manager | President | Li-Chien Hsieh | 2,964 | 0.73% | 1,228 | 136.2 100.2 96.7 94.8 | 143,010 | 0.30% | - | - | - | - |
| | Senior Vice President | Tsung-Liang Tsai | | | | | | | | | | |
| | Senior Vice President | Shih-Ming Liu | | | | | | | | | | |
| | Senior Vice President | Freddie Liu | | | | | | | | | | |
| | Senior Vice President | Ming-Chung Chuang | | | | | | | | | | |
| | Senior Vice President | Jen-I Tai | | | | | | | | | | |
| | Vice President | Pei-Ching Tsai (Note 2) | | | | | | | | | | |
| | Accountant Officer | Hu-Yao Lin | | | | | | | | | | |
| | Vice President | Jong-Yih Chen (Note 2) | | | | | | | | | | |
| | Vice President | Yu-Sheng Kai (Note 2) | | | | | | | | | | |
| | Vice Chairman | Foster Chiang (Note 2) | | | | | | | | | | |
| Employee (Note 1) | Employee | Jien-Hsun Wang (resignation) | 1,564 | 0.38% | 676 | 136.2 100.2 96.7 94.8 | 75,268 | 0.17% | - | - | - | - |
| | | Te-Chuan Yeh | | | | | | | | | | |
| | | Chun-Min Hu | | | | | | | | | | |
| | | Chun-An Wei | | | | | | | | | | |
| | | Chung-Chen Hsieh | | | | | | | | | | |
| | | Sheng-Pin Su | | | | | | | | | | |
| | | Yu-Chia Lin | | | | | | | | | | |
| | | Kwan-Sin Ho | | | | | | | | | | |

| | Position | Name | Subscription No. | % of subscription No. to total issued capital stock | Implemented | | | | Unimplemented | | | |
|--|----------|-----------------|------------------|-----------------------------------------------------|------------------|--------------------|---------------------|-----------------------------------------------------------|------------------|--------------------|---------------------|-----------------------------------------------------------|
| | | | | | Subscription No. | Subscription Price | Subscription Amount | % of subscription No. to total issued stock capital stock | Subscription No. | Subscription Price | Subscription Amount | % of subscription No. to total issued stock capital stock |
| | | | | | | | | | | | | |
| | | Chih-Sheng Wang | | | | | | | | | | |
| | | Kai-Lun Wang | | | | | | | | | | |

Note 1: The top ten employees with employee stock options are not managers.

Note 2: Pei-Ching Tsai appointed of Financial Executive on February 21, 2020. Jong-Yih Chen discharged of Financial Executive on February 21, 2020, and resigned on February 29, 2020. Yu-Sheng Kai resigned on June 30, 2020. Foster Chiang resigned on August 18, 2020.

Note 3: The number of shares acquired is the total amount accumulated since the first employee stock option in 2010.

6. Restriction on employee's issuance of new shares: None.
7. Merger or issuance of new shares from other companies: None.
8. Implementation of Capital Allocation Plans:
 - (1) Description of Plans
 1. Uncompleted public issue or private placement of securities: None.
 2. Issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.
 - (2) Status of Implementation: Not applicable.

V. Business Overview

1. Company Operation

(1) Business Category

1. Business Scope

(1) Major business contents

The company's major business includes research and development, production and sales of touch modules, touch module total solutions and ITO glasses.

(2) Major products and percentage of sales

Unit: NT\$ thousands; %

| Major Products | 2018 | | 2019 | | 2020 | |
|----------------|-------------|--------|-------------|--------|-------------|--------|
| | Amount | % | Amount | % | Amount | % |
| Touch module | 110,569,755 | 97.43 | 126,099,353 | 92.31 | 103,561,174 | 90.38 |
| Others | 2,911,753 | 2.57 | 10,507,342 | 7.69 | 11,022,025 | 9.62 |
| Total | 113,481,508 | 100.00 | 136,606,695 | 100.00 | 114,583,199 | 100.00 |

(3) Current Products

The company provides customers solutions to all kinds of sizes of touch modules, and provides laminations of precise components. The major end-products of the company's touch solutions are as follows:

1. Below 7-inch: Wearable device, smart home device, e-Reader, smart phone.
2. Above 7-inch (include) and below 11-inch: Tablet.
3. Above 11-inch (include) and below 16-inch: Large-sized tablet, 2-in-1 PC, notebook PC.
4. Above 16-inch (include): All-in-One PC, automotive control control display, interactive electronic whiteboard.

(4) New products and services planned to develop in future:

1. Provide customers with next generation high-end touch solutions possessing more extraordinary functions with thinner and lighter designs.
2. Expand touch solutions to more diversified scopes of applications and enter into more brand-new end-product markets.
3. Provide customers with more advanced lamination services by customizing product designs.
4. Expand the innovative touch materials for new applications, such as flexible and super larger-sized touch solutions. Meanwhile, we strive to evolve new business models to enhance the company's value in the supply chain.
5. Complete the mass production manufacturing process of 3D printing and develop new customers and new products as well.

2. Industry overview

(1) Current status and development of touch industry

1. Touch industry development steps into stable growth period.

Touch technology went through explosive growth in the last decade with many manufacturers in its development. Since touch technology has been mature, each end-product will adopt different touch technology with the adequate characteristics correspondingly. The growth rate of touch products shipment have slowed down and have almost been stagnant before the completely innovative and different products launched by brand name customers, and hence touch manufactures in the industry have encountered challenges of the industry, some of the manufactures have quit the touch industry market due to tough market environment. Only major players in touch industry have survived in the market. Therefore, the overall supply and demand of touch industry has gradually gone back to the stable and healthy status.

2. Touch product application scope continues to expand

In recent years, touch products are widely applied to mobile electronic devices such as smart phones, e-Readers, tablets and wearable products. Touch has become the interface that customers get used to. A variety of innovative touch applications and touch products installed in various kindsof areas have been launced one after the other, such as interactive whiteboards for meeting room or for education, home electronics, smart IOT devices, POS, slot machine, window display with transparent OLED and smart touch dressing mirror.

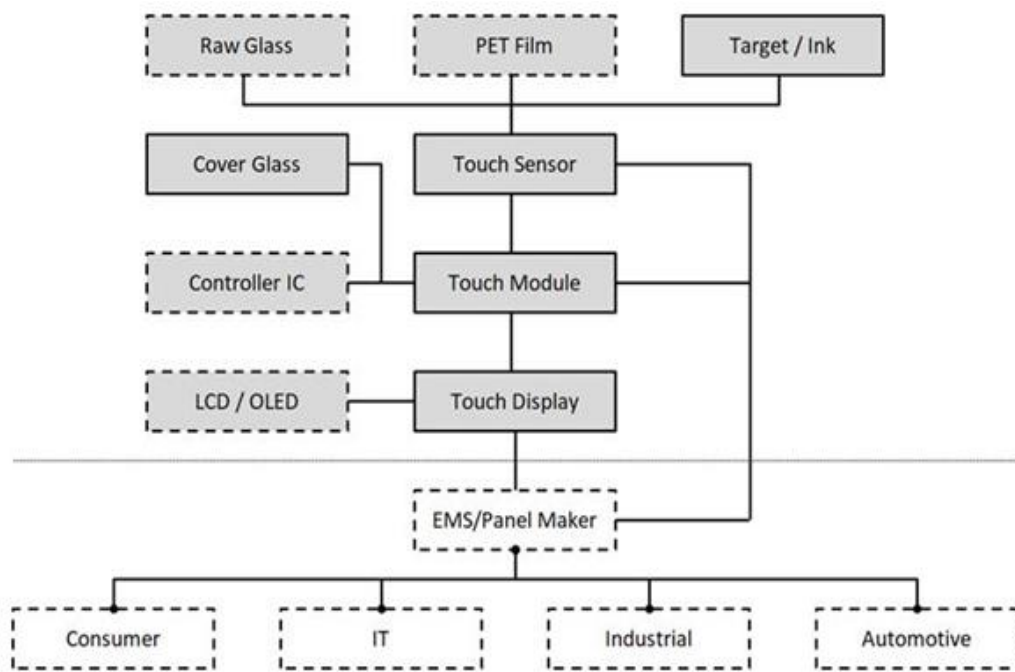
3. Flexible touch will be the next generation trend

Consumer electronics has been in the mature stage of the development. The worldwide main brand companies struggle to increase the sales and stimulate the demand by seeking for breakthrough in terms of product design, product spec and customers' user habit. As the high speed internet progresses, consumers will rely more on their mobile devices. Furthermore, bigger size devices and foldable / flexible mobile device products will be the main stream and will lead the industry to move toward the next generation.

(2) Industry supply chain

TPK provides total solutions of projected capacitive touch. The company is positioned in the mid-downstream of the supply chain. Upstream manufacturers include material suppliers, such as glass substrate, chemical material, Silver nanowire ink and PET film. Midstream manufacturers include suppliers of touch sensors (ITO film, SNW film and ITO glass), Flex, and control IC. Mid-downstream manufacturers include supplier of LCD panel, OLED panel and cover glass. Down stream manufacturers are system integration.

TPK possesses the technology of ITO and SNW coating technology, yellow etching, laser printing, cutting, lamination for flex, cover glass and panels. In the meantime, we provide the services of glass strengthening, surface coating and cutting. The company could provide total solutions for customers in order to enhance the production efficiency and shorten the leadtime for the new products to go mass production from product design, so that we could face the challenges of the fast changing industry and shortening product life cycle. The touch industry supply chain is shown as follows:



(3) The trends of product development

As the touch technology has become mature, there are different structures for touch sensors, including G/G, P/F/F, G/F/F, G1F, G/F, OGS and TOL. After the integration of touch technology, every technology and sensor structure has its own place in the market. The company could provide customized touch solutions and product designs based on the electronic products' characteristics and customers' products market segment. Therefore, we can optimize the market price and production efficiency by providing different touch solutions to meet customers' requests for their high, mid and low end products respectively.

In the near future, the flexible touch products will lead the development of the industry into a new evolution. All the manufacturers in the supply chains put in all sorts of resources for research and development of new material, technology and manufacturing process. Different types of consumer electronic product manufacturers demonstrate their interest in flexible touch products. It is certain that once these flexible touch products are launched to the market, it can lead the industry to the next peak.

(4) Competition

After rapid growth and market integration, the touch industry steps into stable development in recent years. The oversupply situation, causing by manufacturers entered the industry and expanded their capacity at the same time due to explosive growth rate of market demand, has been improved after some manufacturers has been eliminated from the severe competition.

Moreover, upstream manufacturers and downstream manufacturers tend to form a partnership with each other when developing new technologies and expanding the capacity. It totally changes the manufacturers' strategy of competing on the price by increasing the capacity. On the other hand, customers were experiencing consolidation

as well. Some of the customers either exited the market or were merged by others because their products were not attractive to the consumers, and turned out to be failure. As the supply and demand of touch industry has become stable, there is no abnormal profit, meaning no incentive for new entrants. “The big one get bigger” and “Winner takes all” will remain unchanged.

Our company is known for possessing leading technology and extraordinary production integration ability in this industry. As the stable development of the touch industry, the company will continue to concentrate on the development and promotion of new materials, silver nanowire, customer services, product development and innovative technology. Meanwhile, we will continue to optimize the production process to maintain our leading position in the touch industry and improve overall benefits. In addition, the company will take advantage of the precise insights into touch technology and industry development, and continue to look for any opportunities for business cooperation.

3. Overview of touch technology and research & development

(1) TPK’s technology and research development

As a touch technology leading application manufacturer, the company provides a variety of projected capacitive touch solutions and integrated services of high precision electronic products. TPK plays an important role in the touch industry development. The company mainly concentrates on development of self-owned technology, and at the same time, continues to cooperate with worldwide consumer electronics factories and suppliers of relative materials in technology development which include technology research, material development, process improvement, and yield promotion. Since established, the development and manufacturing technology in the touch industry of this company have been praised and certified by all the worldwide customers.

The company focuses on various touch technology, applications and vertical integrated production. The screen sizes range from 1 inch to 100 inch, of which include wearable devices, smart phones, DSC, PND, PMP, hand-held game consoles, eReaders, tablets, smart IOT devices, notebooks, AIO PCs, screens of entertainment system in automobile and interactive whiteboards.

(2) This company set the R&D department to concentrate on the development and research of touch technology, innovative materials and manufacturing process, and we collect market dynamics and product development trends by the Marketing Department and Business Department in order to make research results that can satisfy market demands and trends. The mobile electronic devices are still the mainstream of touch applications, and we believe foldable or flexible product design will be the next generation trend. However, ITO, the material adopting by traditional touch solutions, is not able to be foldable / flexible. Hence, TPK has devoted itself to the innovation of new material and new manufacturing process at the request of foldable devices in the future.

Besides touch products, TPK has engaged in 3D printing technology. As the mature

of smart manufacturing process, 3D printing technology has expanded from the purpose of educational exhibit to industry practical function. The segment is expected to contribute the company's revenue since 2021.

(3) R&D costs of recent year (2020) and year 2021 as of March 31, 2021

Unit: NT\$ thousands

| Year | 2020 | AS of March 31, 2021 |
|----------------------|-------------|-----------------------------|
| R&D Expenditure | 775,933 | 165,411 |
| Net revenue | 114,583,199 | 29,185,510 |
| % to net revenue (%) | 0.68% | 0.57% |

(4) Developed technology or product

| Developed technology or product | Important Application | Manufacturing Process |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Process of double-sided ITO projected capacitive touch sensor and double-sided photolithography | Smart phone, GPS, and eReader etc. | Double-sided ITO coating, double-sided ITO sensing, circuit structure etching, conductive metal coating, metal wire etching, protective layer coating and photolithography, laser cutting |
| 2. Process of single-sided ITO projected capacitive touch sensor and single-sided photolithography | Smart phone, GPS, and eReader etc. | Single-sided ITO coating, ITO sensing circuit structure etching, insulating layer coating and yellow light forming, conductive metal coating, metal wire etching, protective layer coating and photolithography, laser cutting |
| 3. Pressing technology of projected capacitive touch sensor and double-sided flexible circuit board (FPC) | Smart phone, GPS, and eReader etc. | Positive anisotropic conductive adhesive (ACF) attachment, front FPC fit, back ACF attachment, back FPC fit, double-sided hot pressing |
| 4. Lamination technology of projected capacitive touch module | The same, it is applicable to products with 3.5-32 inch screens | Touch glass bonding optical double-sided adhesive (OCA), glass protective cover, LCD bonding |
| 5. High-strength glass processing technology A. Development of glass chemical strengthening formula B. Development of glass cleaner formulation C. Cutting technology after reinforced high-strength glass | Manufacturing of the protective cover of electronic devices such as smart phones, GPS, and PMP: Strengthen the depth of glass, shorten the strengthening time, increase the activation energy of the surface of the glass protective cover (reduce the contact angle), improve the bonding strength of the module, and cut the depth after the glass is strengthened | Manufactureing process of cover glass: Glass touch grinding and polishing, cleaning polishing powder and crushing, chemical strengthening, cleaning and residual, and then decorative ink printing |
| 6. Full-screen resistive touch module | Smart phone with Windows system has a more beautiful and flexible surface compared with traditional resistance-type products | The optical adhesive is bonded to the ITO film, the double-sided adhesive is applied to the two layers of ITO film, the die-cut molding, and the flexible circuit board is pressed. |
| 7. OGS | Two-glass touch module is simplified into a single piece of glass to make thinner and lighter mobile phone and tablets | The large glass is made of the existing yellow light equipment and the manufacturing process of the touch circuit and the cut is completed, and the secondary reinforcement of the edge is performed. |

| | | |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8. STOL | Two-glass touch module is simplified into a single piece of glass make thinner and lighter mobile phone and tablets | The large piece of glass is used as a substrate to arrange a single piece of six-sided tempered glass cover plate, and the touch circuit is formed according to the existing photolithography equipment and the process. After completion, the single piece of six-sided reinforced touch glass is removed. |
| 9. Silver nanowire borderless touch module | Borderless design touch interface of hand-held device | Silver nanowire bendable signal line, curved surface lamination technology, higher wire width and line spacing resolution, up to 12/12um, and can hide the signal line to the back |
| 10. Writable silver nanowire touch module | In addition to the original finger-sensing capacitive touch sensor, the sensor has developed a more sensitive pen-writing sensor to meet the user's habits. | Low-resistance transparent silver nanowire for higher touch resolution, from centimeters (cm) to millimeters (mm) |
| 11. Manufacturing of high resolution, low visibility silver nanowire photolithography process technology | Smart phones, tablets, e-Readers, etc. | Silver nanowire patterning process. Improve the silver nanowire spacing pattern through the photolithography process, while matching the pattern design to reduce the visibility of the pattern |
| 12. Thin film capacitive silver nanowire touch module | Hand-held human touch interface with light and short requirements | The two-film touch module is upgraded into a single-layer double-sided silver nanowire projected capacitive touch sensor structure, and the thickness is reduced by more than 65%. |
| 13. Roll-to-roll single-sided silver nanowire film | Highly productive thin film capacitive touch module | Roll-to-roll sputtering, coating, printing, and patterning processes increase productivity and reduce production costs |
| 14. Ultra-thin ITO single-sided bridge type projected capacitive touch sensor | Hand-held devices such as smart phone and tablet computer, automobile application | Ultra-thin substrate coating, single-sided ITO coating, bridging, circuit structure etching, conductive metal coating, metal wire etching, protective layer coating and yellow light forming, sensor/glass substrate separation, ultra-thin sensor bonding |
| 15. Bonding technology of 3D glass and film touch sensor | Hand-held devices such as smart phone and tablet computer | Film touch sensor surface preforming, 3D shape/sensor automatically distinguishes alignment, vacuum automatic fit |
| 16. Multi-layer anti-reflective coating technology for 3D curved surface | VR, hand-held devices | 3D surface sputtering, multi-layer optical film low reflectivity design |

| | | |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17. Manufacturing technology of ITO narrow frame touch sensor | Hand-held devices such as smart phones and tablet, automobile applications | Narrow line and wide line distance design, yellow light process technology, shortened length Bonding pad pressing technology |
| 18. 3D modeling touch glass substrate optical grade glass protective cover | Protection cover for the touch glass of hand-held devices such as smart phones, tablet and notebooks, GPS and eBooks | 2D planar profile cutting, 3D hot bend forming, 3D profile grinding and polishing, chemical strengthening compensation |
| 19. Bonding technology of artificial intelligence non-planar high precision bonding technology | Smart phone, GPS, and eBook | OCA automatic tear film system, high precision sensor placement system, glass cover plate and plastic sensor one-time alignment system |
| 20. Bonding process of large-size curved water glue bonding process | Vehicle surface display equipment, curved TV, etc. | For the display module of thick iron frame and curved surface, the dam glue and the edge banding glue are glued and solidified, and the flat or curved touch module is pressed on the curved display module, and then the glue, solidification and edge sealing are completed, and the curved surface is completed bonding. |
| 21. Super large sized automatic silver nanowire touch module | Interactive education whiteboard, electronic whiteboard of meeting room, public displayer | The full-surface surface-treated glass cover and the silver nanowire film are patterned to form a sensing layer that fits perfectly into the super large sized display. Coupled with a controller that supports 4 active pens. |
| 22. Ultra-thin and narrow-neck large-size touch display module | AIO, touch displayer | The highly wear-resistant Decoration film and the double-sided patterned sensing layer and the liquid crystal display glass are combined to form a fully-fitted touch display module. |
| 23. Touch film is folded back to the back of the display to achieve an ultra-narrow bezel touch module | Tablet computer, notebook | After the touch module is attached to the display, the touch signal line is bent and attached to the back of the display. |
| 24. SNW touch module (support for pen writing) | Tablet, notebook | PET double-coated SNW, sensing circuit structure etching, conductive metal printing, molding, FPC Bonding, Display bonding |
| 25. Display for automotive | Display devices in automotive, such as dashboard, infotainment etc. | Provide more solutions with adjusted coating condition and special black ink to make the product design more beautiful |
| 26. Mass production of 3D printing products | Sporting goods, industrial components and medical goods | Develop and initiate automatic manufacturing process for 3D printing, and make the products go mass production |

| | | |
|---------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------|
| 27. Foldable touch module | Tablets and notebook PCs | Design the products with flexible touch module and flexible display in order to reduce the size of portable products |
|---------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------|

4. Long-term and short-term business development plans

(1) Short-term business development plan

1. Operation Strategy

Collect resources to help important customers, cooperate with them to develop products with better function and sensitivity whose spec can better fulfill the requirements of customers' high-end products. Furthermore, the company also pursues the innovative development of new touch materials in the hope of providing products with better conductivity and price advantages for customers. Meanwhile, TPK expands touch applications into super large sized segment, and devotes itself to co-develop a more variety of product designs and applications with customers.

2. Manufacturing Strategy

Continue improving the automation of the production line, optimize manufacturing processes, enhance the yield rate, reduce production costs, and enhance the competitiveness by optimizing economic scale and manufacturing process, maintaining the leading position in the industry.

3. Marketing Strategy

Actively develop new technologies to adapt to market trends, review the existing products and make sure the company's products can catch up with the market trends and to enter the supply chain of growing products timely.

(2) Long-term business development plan

1. Operation Strategy

As a leading technology company, TPK has devoted itself to the new material and innovative manufacturing process for long time, and to ensure the leading position in the touch industry with patent portfolio policy. TPK not only provides the merchandise with extraordinary quality and competitive price, but also have a mid to long term goals to look for opportunities to cooperate with other companies, in order to further secure the company's leading position in the industry.

2. Manufacturing Strategy

Continue to strengthen the core technologies, such as production management, manufacturing process development and equipment development, so that the yield rate, efficiency and productivity could be further enhanced to reduce the production costs and maintain the competitiveness of the company. In the mean time, we also make efforts to look for the opportunity to strategically align with major material suppliers to enjoy the advantage in terms of cost.

3. Marketing Strategy

The company provides the advanced and a variety of touch solutions to our customers owing to our leading edge technology, so that we could strengthen the relationship with our customers and take part in new projects in early stage to synchronize with the fast changing market trend and assist our customers to make

preparations for the coming advanced products. In the long run, we have the strategy for the diversity of customers, technology and products.

2. Market and business overview

(1).Market analysis

1. Sales breakdown by area

Unit: NT\$ thousands

| Area | 2019 | | 2020 | |
|---------|-------------|--------|-------------|--------|
| | Amount | (%) | Amount | (%) |
| America | 64,716,789 | 47.38 | 53,022,012 | 46.27 |
| Asia | 38,608,349 | 28.26 | 39,296,552 | 34.30 |
| Other | 33,281,557 | 24.36 | 22,264,635 | 19.43 |
| Total | 136,606,695 | 100.00 | 114,583,199 | 100.00 |

2. Future supply and demand of the market and the market growth

Following industry integration and natural elimination in the touch industry, current touch manufacturers in the market will adopt conservative strategies on capacity establishment; therefore, the oversupply caused by manufacturers' active expansion of capacity will not occur.

With regard to market demands, on the backdrop of the new trend of work from home and on-line learning caused by COVID-19 pandemic, the momentum of tablet and notebook shipments, which have been stagnant for a couple of years, have been rebooted. In the aspect of hand-held devices, owing to the slowing down growth rate of end-demand of the electronic consumer devices, and fewer and fewer differences between new launched and existed products, the consumer electronic products life cycle has become longer. Hence, the brand name customers has tried their best to innovate next generation product to stimulate the replacement cycle. In the aspect of new application, such as bigger sized tablets and super-large sized interactive whiteboard, though the addressable market is relatively smaller, the demand could remain growing in the future.

As for current technology development, OLED technology has become mature and more and more foldable/flexible related manufacturers have started to make the effort to develop the next generation product. From the technology development trend, it's obvious that the foldable/flexible market has started booming. We believe the foldable/flexible products could bring another growing motivation for the industry once the technology becomes more mature and the related applications are completed.

3. Competitive strength

- (1) Pioneer of transparent projected capacitive technology.
- (2) Professional touch manufacturer that is flexible to satisfy the demands of main customers with many upstream component suppliers.
- (3) Own self-developed, high-efficiency design production process and equipment.
- (4) Long-term development partnerships with world-class customers.

- (5) Actively strive to develop innovative touch materials and understand critical patent technology.

4. Strengths and weaknesses of development

(1) Strengths

1. Leading manufacture of projected capacitive touch technology with high customer independence

The company is the leading manufacturer of projected capacitive touch technology, and we cooperate with customers to develop updated products that sync with market technology upgrades and evolving design trends. Since this company is able to deal with the raw materials, and produce touch sensors and cover glasses, and possesses the ability to laminate the cover glasses and LCD panels. The company has thus become an important partner for customers, and to provide customers with touch sensors, touch modules and touch displays with integrating the process of LCM.

2. Projected capacitive touch function has become standard, and the terminal application market continues to expand

Through more than ten years of development, the projected capacitive screen has transferred from smart phones and PMPs into the applications of other mobile devices, such as e-readers and tablets, and the projected capacitive touch function has gradually become an expected feature of electronics. Meanwhile, more electronics, regardless of what they used before, have begun to adopt this technology; therefore, automobile screens and super large sized whiteboards used for commerce or education are the potential markets.

3. The ability to streamline the manufacturing and to self-develop and design the equipments with high efficiency

This company independently develops the projected capacitive touch manufacturing process and is a pioneer of transparent glass projected capacitive touch technology with the ability to develop core equipment and provide efficient manufacturing technology with great efficiency and high yield rate. Furthermore, it adjusts process procedures according to customers' special product specifications and can provide high-quality products commercialized in a timely manner.

4. Possess key materials and technology for next-generation flexible touch solution

According to the prediction of market trend, since flexible products has been launched by few brand name companies, and many manufacturers has started to provide foldable/flexible product designs, the whole new foldable/flexible products could stimulate the stagnation market of smartphones and tablets. TPK has started to develop SNW material for many years, and possessed key material and technology. We look forward to co-develop the representative next generation product with our customers, and set up the main stream spec of foldable/flexible touch products for the industry.

(2) Weaknesses

1. High market concentration

Projected capacitive technology is mainly adopted in smart phones and tablets, so the market growth of smart phones and tablets will directly impact the company's operations.

Countermeasures:

Actively expand other market applications

Develop new applications: Automobile market, e-readers, wearable electronics, PND, DSC, remote controls, gaming machines, digital cameras, notebooks, 2-in-1 PCs, All-in-One PCs, POS, and KIOSK to expand end product applications and thus reduce market concentration.

2. High customer concentration

Transparent projected capacitive glass touch solution is an innovative application for electronic products, so this company has decided to cooperate with the leading brand at the initial stage, thus the company has a higher customer concentration.

Countermeasures:

In addition to cooperation with major customers and suppliers to develop advanced touch technologies and product structures, the company shall also strive to find new customers with high growing potential.

3. Many big manufacturers are beginning to participate in potential touch applications

Since the growth rate of the end market has slowed down, some manufacturers has started to integrate their business to up/down –stream of the supply chain in order to provide customers with more services..

Countermeasures:

A. Continue to shorten the time-to-market and increase the yield rate

Our company has rich experience in mass production and equipment development. Therefore, we can quickly reach the yield rate for mass production of new products and satisfy customer's requirement of specifications and are praised and trusted by our customers. Our company will continue researching mass production procedures with the hope of providing better and more reliable products.

B. Expand the scope of product content and services

To fulfill the customers' requests, the company not only increase the quality of their services, but also expand the choices of solutions and services. Meanwhile, the company could help the customers to enhance the production efficiency and increase the company's value-add of their products or services, so that the relationship with the customers could be closer.

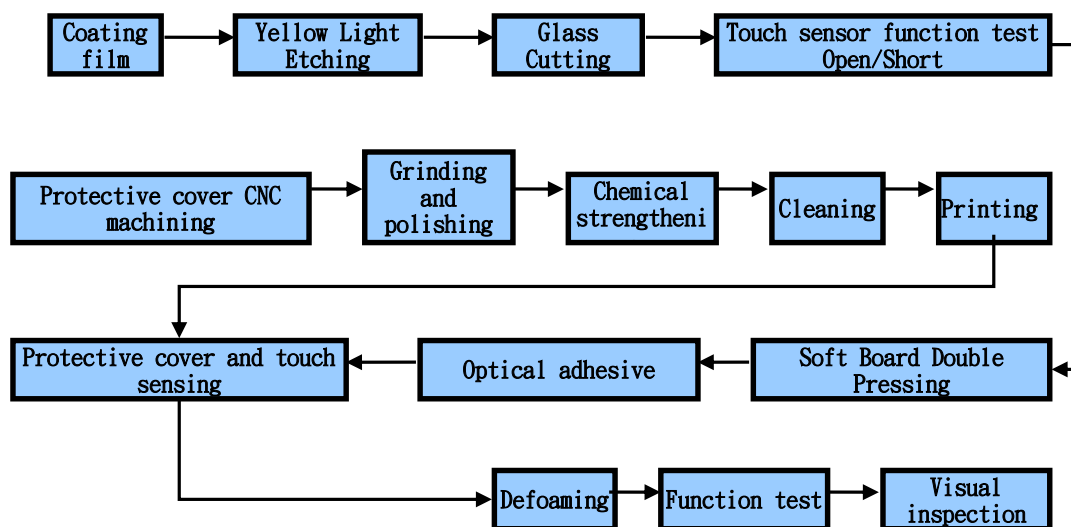
(2). Purpose and production process of main products

1. Important purpose of major products

Company's products major apply in high-end smart phone, GPS, eReader, PMP,

tablets, notebooks and AIO PC etc..

2. Manufacturing process of main products



(3). Major Raw Materials Supply

Raw Materials consist of Glass Substrate, Metal Sputtering Targets, FPC, Cover/Raw Glass, Conductive Adhesives, Protective Film, Optical Clear Adhesive, LCD/LCM and Touch Sensor, etc.

| Major Raw Materials | Major Suppliers | Market Status |
|---------------------|-----------------------------|---------------|
| FPC | Company B, Fujikura | Stable |
| LCD / LCM | Company B, Company D, Prime | Stable |
| Cover / Raw Glass | Company B, Corning | Stable |

(4). Suppliers / Customers that Accounted for at Least 10% of Annual Consolidated Net Procurement / Net Revenue: A list of any suppliers and clients accounting for 10% or more of the company's total procurement (sales) amount in either of the recent 2 years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

1. Suppliers in 2019 and 2020

Unit: NT\$ thousands

| Item | 2019 | | | | 2020 | | | |
|------|-----------------------|--------------------|------------------------------------|-----------------|-----------------------|--------------------|------------------------------------|-----------------|
| | Supplier | Procurement Amount | As % of 2019 Total Net Procurement | Relation to TPK | Supplier | Procurement Amount | As % of 2020 Total Net Procurement | Relation to TPK |
| 1 | Company B | 47,531,717 | 42.93 | None | Company B | 37,018,962 | 38.49 | None |
| 2 | Company D | 16,675,694 | 15.06 | None | Company D | 16,710,574 | 17.37 | None |
| 3 | Others | 46,506,539 | 42.01 | None | Others | 42,456,773 | 44.14 | None |
| | Total Net Procurement | 110,713,950 | 100.00 | | Total Net Procurement | 96,186,309 | 100.00 | |

Reason for Increase or Decrease: Due to declining production transition and revenue in 2020, the purchase was decreased from Company B. In the case of products application transformation, the purchase was increased from Company D.

2. Customers in 2019 and 2020

Unit: NT\$ thousands

| Item | 2019 | | | | 2020 | | | |
|------|-------------------|-------------|--------------------------------|-----------------|-------------------|-------------|--------------------------------|-----------------|
| | Customer | Net Revenue | As % of 2019 Total Net Revenue | Relation to TPK | Customer | Net Revenue | As % of 2020 Total Net Revenue | Relation to TPK |
| 1 | Company B | 78,278,744 | 57.30 | None | Company B | 59,910,965 | 52.29 | None |
| 2 | Company C | 16,985,308 | 12.43 | None | Company C | 13,566,037 | 11.84 | None |
| 3 | Others | 41,342,643 | 30.27 | None | Others | 41,106,197 | 35.87 | None |
| | Total Net Revenue | 136,606,695 | 100.00 | | Total Net Revenue | 114,583,199 | 100.00 | |

Reason for Increase or Decrease: The impact of COVID-19 on supply chain disruption and deferred consumption, the sales was decreased from Company B and Company C, and the sales proportion was declined from Company B and Company C but increased from Others by the touch products application transformation in 2020.

(5). Indication of Production Volume in 2019 and 2020

Unit: Thousand Pieces/NT\$ thousands

| Major Products | 2019 | | | 2020 | | |
|----------------|----------|---------|-------------|----------|---------|-------------|
| | Capacity | Output | Amount | Capacity | Output | Amount |
| Touch Modules | 360,971 | 157,600 | 123,685,997 | 213,042 | 111,883 | 103,994,795 |
| Others | 10,932 | 4,730 | 10,853,144 | 14,078 | 5,485 | 10,666,763 |
| Total | 371,903 | 162,330 | 134,539,141 | 227,120 | 117,368 | 114,661,558 |

Reason for Increase or Decrease: The decrease of capacity, output and amount in 2020 compared with that in 2019 is mainly caused by the unfavorable product transition of customers and the COVID-19.

Note 1: Capacity includes the productivity by current equipments under normal operation after measuring necessary shutdown and holidays.

Note 2: Combined the capacity units and described as supplementary information by the production substitutability of products.

(6). Indication of Volume of Units Sold in 2019 and 2020

Unit: Thousand Pieces /NT\$ thousands

| Major Products | 2019 | | | | 2020 | | | |
|----------------|----------|-------------|---------|-------------|----------|-------------|---------|-------------|
| | Domestic | | Export | | Domestic | | Export | |
| | Unit | Net Revenue | Unit | Net Revenue | Unit | Net Revenue | Unit | Net Revenue |
| Touch Modules | 9 | 5,952 | 162,125 | 126,093,401 | 85 | 323,952 | 112,341 | 103,237,222 |

| | | | | | | | | |
|---------------|---|-------|---------|-------------|----|---------|---------|-------------|
| Others | — | — | 3,735 | 10,507,342 | — | — | 4,919 | 11,022,025 |
| Total | 9 | 5,952 | 165,860 | 136,600,743 | 85 | 323,952 | 117,260 | 114,259,247 |

Reason for Increase or Decrease: The decrease of units and revenue of partial products in 2020 compared with that in 2019 is mainly caused by the unfavorable product transition of customers and the COVID-19.

3. Employee information from past two years to this report's printing

| Year | | 2019 | 2020 | This year up to March 20, 2021 |
|------------------------|-------------------|--------|--------|--------------------------------|
| Number of employees | Manager | 354 | 340 | 337 |
| | R&D Personnel | 578 | 565 | 504 |
| | General employee | 20,792 | 17,518 | 15,793 |
| | Total | 21,724 | 18,423 | 16,634 |
| Average age | | 30.00 | 30.74 | 30.74 |
| Average Seniority | | 2.68 | 3.35 | 3.35 |
| Educational background | Doctor | 0.13% | 0.14% | 0.14% |
| | Master | 1.23% | 1.35% | 1.44% |
| | College | 16.80% | 22.00% | 20.72% |
| | High School | 27.49% | 27.69% | 26.05% |
| | Below High School | 54.35% | 48.82% | 51.65% |

4. Information of environment-oriented expenditures:

- (1) In the most recent year and up to the date of publication of the annual report, the losses suffered due to pollution of the environment (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of punishment, the font size of the punishment, the provisions of the statute violation, the content of the statute violation, and the punishment Content): None.
- (2) Estimated amount and corresponding measures that may occur at present and in the future: Comply with government regulations and fulfill environmental protection responsibilities, and pay according to the actual situation.

5. Labor/Management relations:

(1) Execution condition of employee welfare

1. Employee welfare measures

This company also provides group insurance and annual health check for employees in addition to providing basic insurance according to the relevant government regulations of each subsidiary. In addition, the company's employee welfare measures include wedding and funeral support, employee travel, bonuses, employee dividends and subscriptions, and providing employees with various training and training opportunities to enhance their vision, work efficiency, and what's more, long-term bonus or prize is set.

2. Education and training

In order to improve employee quality and skills, strengthen work efficiency and quality, we irregularly carry out general training for all employees or professional skill training for special employees with the hope of cultivating talents and improving operation performance which can achieve the objective for sustainable operation.

3. Retirement system

Subsidiaries of this Company in Mainland China have an employee retirement plan according to the Labor Standards Law, and a retirement reserve is provided at 2% of the

total salary paid based on Storage and support - old system. With effect from the implementation of Mainland China Labor Pensions Regulations (hereinafter referred to as the “New System”) from July 1, 2005, the employees who originally applied the method should choose the applicable service years after the new system or the new employees who are employed after the new system. The service years are changed to determine the allocation system. The pension payment is paid by the company on the monthly salary of 6%, and is stored in the individual account of the labor pension. Subsidiaries outside the Mainland China are handled according to relevant local laws and regulations.

In addition, after the retirement insurance for employees of enterprises in China, the Company pays endowment insurance for employees according to local “Regulations on the Basic Endowment Insurance for Enterprise Employees in Xiamen”. According to the local social insurance operation method, the endowment insurance is included in social insurance (including medical care, maternity, pension, work injury, unemployment). After the company handles the social insurance increase procedures for employees, it will begin to fulfill the obligation to pay pension insurance. The rates and standards for insurance payment are as follows:

| Rate of contribution Items | People in this city (Xiamen Household) | | People from Outsiders (not Xiamen Household) | |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| | Individual | Enterprise | Individual | Unit |
| Endowment Insurance | 8.0% | 12.0% | 8.0% | 12.0% |
| Unemployment Insurance | 0.5% | 0.5% | — | 0.5% |
| Employment Injury Insurance | — | 0.56% | — | 0.56% |
| Medical Insurance | 2.0% | 7.0% | 2.0% | 3.0% |
| Birth Insurance | — | 0.7% | — | 0.7% |
| Social insurance base | Based on the average monthly basic salary of individual employees in the previous year, the payment base of Xiamen employees must not be lower than the minimum wage announced by the municipal government. | | According to Xiamen’s minimum wage as the payment base (RMB 1,800), the lower limit for medical insurance and maternity insurance is 60% (RMB 3,488.4) of the province’s full-caliber urban employees’ average salary for the year; the upper limit of the payment is 300% of the provincial social average salary (RMB 17,442). | |

Note: Blank means individual shall not undertake.

Employees can enjoy the basic pension insurance if they reach the statutory retirement age, and the accumulated payment period (including the deemed payment period) is 15 years. Basic pension insurance is made of:

- (1) Insurance before June 30, 1997: basic pension + personal account pension + transitional pension + special zone subsidy.

(2) Insurance after July 1, 1997: basic pension + personal account pension + special zone subsidy, description:

1. Basic pension: The average monthly salary of employees in the city one year before personal retirement $\times 20\%$.
2. Personal Account Pension: Personal account deposit at retirement / 120
3. Transitional pension: The average monthly salary of employees in the city during retirement at the time of retirement $\times 1.3\% \times (\text{the average contribution index} + 0.25) \times \text{the cumulative payment period before June 30, 1997}$.
4. Special zone subsidy: NTD 30.

4. Labor-management agreement condition

The labor-management relation of this company is harmonious; this company respects the opinions of every employee, and employees can reflect opinions through meetings, e-mails, or letter box, and the communication of labor-management is free.

5. Measures to maintain employee rights and benefits

In order to maintain employee rights and benefits, except for the actual implementation of relative laws, top management will improve software and hardware devices required by employees.

(2) In the most recent year and up to the date of publication of the annual report, the company suffered losses due to labor disputes (including labor inspection results that violated the Labor Standards Law, and the date of punishment, the font size of the punishment, the provisions of the regulations, the content of the regulations and the content of the punishment should be listed: None.

(3) Present and future possible estimated amount and countermeasures: None.

6. Important Agreement:

| Item No. | Agreement Property | Client | Agreement Term | Main Contents | Restriction |
|----------|------------------------------------------------------------------|-----------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 1 | Development and supply (Master Development and Supply Agreement) | Company B | From December 15, 2005 to the end of agreement | Our company will provide development service and sell products to company B to help company B to develop its terminal products. | Confidentiality obligation |

VI. Financial Status

1. Condensed Balance Sheets, Statements of Comprehensive Income, Name of CPA and Auditors' Opinions for the Most Recent Five Years

(1) Condensed Balance Sheet

Unit: NT\$ thousands

| Year Item | | Financial Results from 2016 to 2020 (Note 1) | | | | |
|----------------------------------------------------------|----------------------------|----------------------------------------------|------------|------------|------------|------------------------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 |
| Current Assets | | 40,881,064 | 44,680,077 | 45,539,413 | 51,661,338 | 54,113,215 |
| Property, Plant and Equipment | | 40,744,104 | 32,994,649 | 33,237,605 | 25,417,590 | 19,997,310 |
| Intangible Assets | | 129,151 | 92,372 | 111,225 | 95,834 | 70,168 |
| Other Assets | | 5,733,244 | 5,211,214 | 5,079,362 | 8,318,355 | 9,440,335 |
| Total Assets | | 87,683,387 | 82,978,312 | 83,967,605 | 85,493,117 | 83,621,028 |
| Current Liabilities | Before Distribution | 48,471,877 | 39,907,817 | 34,368,726 | 33,534,975 | 29,034,583 |
| | After Distribution | 48,471,877 | 41,127,808 | 34,368,726 | 33,534,975 | 29,441,247 (None 2) |
| Noncurrent Liabilities | | 9,799,311 | 5,899,876 | 12,357,170 | 15,789,432 | 17,780,964 |
| Total Liabilities | Before Distribution | 58,271,188 | 45,807,693 | 46,725,896 | 49,324,407 | 46,815,547 |
| | After Distribution | 58,271,188 | 47,027,684 | 46,725,896 | 49,324,407 | 47,222,211 (None 2) |
| Equity Attributable to Shareholders of the Parent | | 29,172,763 | 36,947,695 | 36,891,602 | 36,168,710 | 36,679,831 |
| Capital Stock | | 3,466,338 | 4,066,638 | 4,066,638 | 4,066,638 | 4,066,638 |
| Capital Surplus | | 21,537,232 | 28,073,650 | 28,146,706 | 28,162,570 | 28,165,226 |
| Retained Earnings | Before Distribution | 1,179,998 | 3,581,405 | 2,412,900 | 2,559,058 | 3,591,068 |
| | After Distribution | 1,179,998 | 2,361,414 | 2,412,900 | 2,559,058 | 3,184,404 (Note 2) |
| Other Equity | | 3,232,790 | 1,226,002 | 2,265,358 | 1,380,444 | 856,899 |
| Treasury Shares | | (243,595) | — | — | — | — |
| Non-Controlling Interests | | 239,436 | 222,924 | 350,107 | — | 125,650 |
| Total Equity | Before Distribution | 29,412,199 | 37,170,619 | 37,241,709 | 36,168,710 | 36,805,481 |
| | After Distribution | 29,412,199 | 35,950,628 | 37,241,709 | 36,168,710 | 36,398,817 (None 2) |

Note 1: The financial statements for 2016-2020 were audited by CPA.

Note 2: Pending the shareholders' meeting approval.

(2) Condensed Statement of Comprehensive Income

Unit: NT\$ thousands (Except EPS: NT\$)

| Item \ Year | Financial Results from 2016 to 2020 (Note) | | | | |
|------------------------------------------------------------------------------|--------------------------------------------|-------------|-------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Net Revenue | 89,216,284 | 107,208,482 | 113,481,508 | 136,606,695 | 114,583,199 |
| Gross Profit(Loss) | 3,266,280 | 7,534,547 | 4,212,553 | 4,739,879 | 4,865,586 |
| Income (Loss) from Operations | (1,871,659) | 2,610,969 | (199,012) | 124,127 | 949,689 |
| Non-operating Income and Expenses | 628,560 | 664,942 | 895,019 | 655,975 | 861,580 |
| Income (Loss) before Income Tax | (1,243,099) | 3,275,911 | 696,007 | 780,102 | 1,811,269 |
| Net Income(Loss) | (1,503,967) | 2,386,036 | 364,734 | 302,739 | 1,034,373 |
| Other Comprehensive Income (Loss) for the Year, Net of Income Tax | (526,202) | (2,007,929) | 1,039,260 | (869,311) | (527,314) |
| Total Comprehensive Income (Loss) for the Year | (2,030,169) | 378,107 | 1,403,994 | (566,572) | 507,059 |
| Net Income (Loss) Attributable to Shareholders of the Parent | (1,467,402) | 2,404,390 | 223,832 | 208,882 | 1,031,323 |
| Net Income (Loss) Attributable to Non-controlling Interests | (36,565) | (18,354) | 140,902 | 93,857 | 3,050 |
| Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent | (1,982,024) | 394,619 | 1,264,724 | (670,831) | 508,465 |
| Total Comprehensive Income (Loss) Attributable to Non-controlling Interests | (48,145) | (16,512) | 139,270 | 104,259 | (1,406) |
| Diluted Earnings (Loss) Per Share | (4.27) | 6.63 | 0.55 | 0.51 | 2.53 |

Note: The financial statements for 2016-2020 were audited by CPA.

(3) Name of CPA and Auditors' Opinions from 2016 to 2020

| Year | CPA | Accounting Firm | Audit Opinion |
|------|---------------------------------------|-------------------|------------------------|
| 2016 | Chun-Hung, Chen Cheng-Hung Kuo | Deloitte & Touche | An Unqualified Opinion |
| 2017 | Chun-Hung, Chen Cheng-Hung Kuo | Deloitte & Touche | An Unqualified Opinion |
| 2018 | Cheng-Hung Kuo Tzu-Jung Kuo (Note) | Deloitte & Touche | An Unqualified Opinion |
| 2019 | Tzu-Jung Kuo Pi-Yu Chuang (Note) | Deloitte & Touche | An Unqualified Opinion |
| 2020 | Tzu-Jung Kuo Pi-Yu Chuang | Deloitte & Touche | An Unqualified Opinion |

Note: Regulatory requirements on rotation in Deloitte & Touche.

2. Financial Analysis for the Most Recent Fiscal Years

| Item \ Year (Note 1) | | Financial Analysis from 2016 to 2020 | | | | |
|---------------------------------------|-------------------------------------------------------------|--------------------------------------|--------|---------|--------|--------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 |
| Capital Structure Analysis (%) | Debts Ratio | 66.46 | 55.20 | 55.65 | 57.69 | 55.99 |
| | Long-term Fund to Property, Plant and Equipment | 96.24 | 130.54 | 149.23 | 204.42 | 272.97 |
| Liquidity Analysis (%) | Current Ratio | 84.34 | 111.96 | 132.50 | 154.05 | 186.38 |
| | Quick Ratio | 67.99 | 93.94 | 100.52 | 129.23 | 156.74 |
| | Times Interest Earned (Times) (Note 3) | (0.12) | 4.40 | 1.98 | 1.85 | 3.40 |
| Operating Performance Analysis | Average Collection Turnover (Times) | 8.96 | 16.52 | 14.38 | 11.70 | 8.93 |
| | Days Sales Outstanding | 41 | 22 | 25 | 31 | 41 |
| | Average Inventory Turnover (Times) | 9.27 | 11.93 | 11.36 | 13.19 | 12.67 |
| | Average Payment Turnover (Times) | 6.35 | 6.51 | 5.76 | 6.99 | 6.70 |
| | Average Inventory Turnover Days | 39 | 31 | 32 | 28 | 29 |
| | Property, Plant and Equipment Turnover (Times) | 2.01 | 2.91 | 3.43 | 4.66 | 5.05 |
| | Total Assets Turnover (Times) | 0.88 | 1.26 | 1.36 | 1.61 | 1.36 |
| Profitability Analysis | Return on Total Assets (%) (Note 2) | (0.62) | 3.62 | 0.88 | 0.78 | 1.73 |
| | Return on Equity (%) (Note 2) | (4.94) | 7.17 | 0.98 | 0.82 | 2.83 |
| | Pre-tax Income to Paid-in Capital Ratio (%) (Note 2) | (35.86) | 80.56 | 17.12 | 19.18 | 44.54 |
| | Net Margin (%) (Note 2) | (1.69) | 2.23 | 0.32 | 0.22 | 0.90 |
| | Diluted Earnings (Loss) Per Share (NT\$) | (4.27) | 6.63 | 0.55 | 0.51 | 2.53 |
| Cash Flow | Cash Flow Ratio (%) | 26.33 | 44.46 | 12.67 | 22.76 | 22.57 |
| | Cash Flow Adequacy Ratio (%) | 0.84 | 1.18 | 1.35 | 1.60 | 1.99 |
| | Cash Flow Reinvestment Ratio (%) | 13.15 | 17.57 | 2.72 | 6.51 | 5.78 |
| Leverage | Operating Leverage | (3.91) | 4.38 | (38.04) | 64.20 | 7.51 |
| | Financial Leverage | 0.63 | 1.59 | 0.22 | (0.16) | 4.88 |

Note 1: The financial statements for 2016-2020 were audited by CPA.

Note 2: The calculation of financial ratio is based on the consolidated net income and loss.

Note 3: The calculation formulas of financial analysis are listed as follows:

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

Analysis of deviation of 2020 vs. 2019 over 20%:

1. Long-term Fund to Property, Plant and Equipment increased by 34% mainly due to normal depreciation of equipments recognized and a decrease in net worth of Property, Plant and Equipment.
2. Current Ratio and Quick Ratio both increased by 21% mainly due to an increase in financial assets at fair value through other comprehensive income of current assets, decrease in accounts payable of current liabilities.
3. Times Interest Earned, Return on Total Assets, Return on Equity, Pre-tax Income to Paid-in Capital Ratio, Net Margin and Diluted Earnings (Loss) Per Share increased by 84%, 122%, 245%, 132%, 309% and 396% respectively, mainly due to higher net income by operating expenses decreasing.
4. Average Collection Turnover decreased by 24% and Days Sales Outstanding increased by 32% mainly due to declining revenue.
5. Cash Flow Adequacy Ratio increased by 26% mainly due to reducing capital expenditures.
6. Operating Leverage decreased by 88% and Financial Leverage increased by 3150% mainly due to higher operating income by operating expenses decreasing.

3. Audit Committee's Review Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of TPK Holding Co., Ltd.. According to relevant requirements of the Securities and Exchange Act, we hereby submit this report.

TPK Holding Co., Ltd.

Chairman of Audit Committee: Chang, Horng-Yan

March, 11, 2021

4. Consolidated Financial Statements for The Most Recent Fiscal Year, Certified by CPA:

Please refer to Annual Report page 135.

5. Financial Difficulties to TPK or its affiliates:

TPK's affiliate, Cando Corporation ("Cando") suffered from a lack of new funding, falling revenue, and financial difficulty, and so Cando declared bankruptcy on July 21, 2016, and the court announced its bankruptcy on January 17, 2018. As a result, the impairment loss was recognized at the end of the calendar year 2015, the carrying amount of the investment in Cando was zero. The bankruptcy declaration was not able to be significant influence over TPK.

VII. Review and Analysis of Financial Status and Performance, and Risk Assessment

1. Financial Status

Comparison to Financial Status

Unit: NT\$ thousands

| Item | 2019 | 2020 | Deviation | |
|----------------------------------------------------------|------------|------------|-------------|---------|
| | | | Difference | (%) |
| Current Assets | 51,661,338 | 54,113,215 | 2,451,877 | 4.75 |
| Property, Plant and Equipment | 25,417,590 | 19,997,310 | (5,420,280) | (21.32) |
| Intangible Assets | 95,834 | 70,168 | (25,666) | (26.78) |
| Other Assets | 8,318,355 | 9,440,335 | 1,121,980 | 13.49 |
| Total Assets | 85,493,117 | 83,621,028 | (1,872,089) | (2.19) |
| Current Liabilities | 33,534,975 | 29,034,583 | (4,500,392) | (13.42) |
| Noncurrent Liabilities | 15,789,432 | 17,780,964 | 1,991,532 | 12.61 |
| Total Liabilities | 49,324,407 | 46,815,547 | (2,508,860) | (5.09) |
| Capital Stock | 4,066,638 | 4,066,638 | — | — |
| Capital Surplus | 28,162,570 | 28,165,226 | 2,656 | 0.01 |
| Retained Earnings | 2,559,058 | 3,591,068 | 1,032,010 | 40.33 |
| Other Equity | 1,380,444 | 856,899 | (523,545) | (37.93) |
| Equity Attributable to Shareholders of the Parent | 36,168,710 | 36,679,831 | 511,121 | 1.41 |

Analysis of Deviation over 20%

1. Decrease in property, plant and equipment and intangible assets were mainly due to normal depreciation of equipments recognized.
2. Decrease in current liabilities and total liabilities were mainly due to decrease in accounts payable and reimbursement of bank loan.
3. Increase in retained earnings was mainly due to higher profitability.
4. Decrease in other equity was mainly due to a decrease in exchange differences on translating foreign operations.

2. Financial Performance

Analysis to Operating Results

Unit: NT\$ thousands

| Item | 2019 | 2020 | Deviation | |
|---------------------------------------------------------------------------|-------------|-------------|--------------|---------|
| | | | Difference | (%) |
| Net Revenue | 136,606,695 | 114,583,199 | (22,023,496) | (16.12) |
| Gross Profit (Loss) | 4,739,879 | 4,865,586 | 125,707 | 2.65 |
| Income (Loss) from Operations | 124,127 | 949,689 | 825,562 | 665.09 |
| Non-operating Income and Expenses | 655,975 | 861,580 | 205,605 | 31.34 |
| Income (Loss) before Income Tax | 780,102 | 1,811,269 | 1,031,167 | 132.18 |
| Net Income (Loss) | 302,739 | 1,034,373 | 731,634 | 241.67 |
| Total Net Income (Loss) Attributable to Shareholders of the Parent | 208,882 | 1,031,323 | 822,441 | 393.73 |
| Diluted Earnings (Loss) Per Share | 0.51 | 2.53 | 2.02 | 396.08 |

Analysis of Deviation over 20%

1. Decrease in net revenue was mainly due to the unfavorable product transition of customers and the impact of the COVID-19.
2. Despite lower revenues, gross profit, income from operations, income before income tax, net income, total net income attributable to shareholders of the parent and diluted earnings per share increased due to favorable product mix change, efficiency promotion and effective control of operating expenses.
3. Increase in non-operating income and expenses was mainly due to lower finance costs.

3. Cash Flow

(1) Analysis of cash flow changes

Unit: NT\$ thousands; %

| Year Item | 2019 | 2020 | Difference | (%) |
|-----------------------------|-------------|-------------|-------------------|------------|
| Operating Activities | 7,632,600 | 6,553,820 | (1,078,780) | (14.13) |
| Investing Activities | (8,375,586) | 1,211,008 | 9,586,594 | 114.46 |
| Financing Activities | 1,972,131 | (1,057,473) | (3,029,604) | (153.62) |

Analysis

1. Increase in net cash generated from investing activities was primarily for disposal of financial assets at amortized cost.
2. Increase in net cash used in financing activities was primarily for reimbursement of bank loan.

(2) Liquidity Aanalysis for the Coming year and Remedial Actions for Liquidity Shortfall:

Unit: NT\$ thousands

| Cash Balance 12/31/2020 | Net Cash Flow from Operating Activities in 2021 | Cash used in 2021 | Estimate Cash Balance 12/31/2021 | Remedy for Liquidity Shortfall | |
|----------------------------|-------------------------------------------------------|----------------------|----------------------------------------|-----------------------------------|-------------------|
| | | | | Investment Plan | Financing Plan |
| 22,603,449 | 1,162,356 | 1,568,808 | 22,196,997 | None | None |

1. Analysis of Cash Flow in 2021

- (1) Operating Activities: Mainly results from operation.
- (2) Investing Activities: Primarily for capital expenditures.
- (3) Financing Activities: Primarily for bank borrowings reimbursement.

2. Remedial Actions for Liquidity Shortfall: None.

4. Effect upon Financial Operations of Major Capital Expenditures from Recent Years

(1) Excution Status of Capital Expenditures and Sources of Funding:

Unit: NT\$ thousands

| Project | Source of Funding | Actual or Planned Completion Date | Total Amount | Capital Expenditures Plan | |
|------------|--------------------------------------------------------|-----------------------------------------|-----------------|------------------------------|---------|
| | | | | 2021 | 2022 |
| Equipments | Cash flows generated from operations and bank loans | 2021 Q4 | 1,980,000 | 1,683,000 | 297,000 |

(2) Expected Benefit from Capital Expenditures: Increase in production capacity and improve production efficiency.

5. Reinvestment Policies, Main Reasons for Profit or Loss and Improvement Plans from Recent Year, and Investment Plans for the Coming Year

(1) Reinvestment Policies

TPK's reinvestment policy is focused on the investment of main and relative business in long-term strategic plan, supplemented by short- and mid-term investments and it is implemented by the departments concerned in accordance with "investment cycle" of internal control systems and "Procedures for the Acquisition and Disposal of Assets" that were approved by Audit Committee, Board of Directors or shareholders' meeting.

(2) Main Reasons for Profit or Loss and Improvement Plans from Recent Year

Based on TPK and subsidiaries' 2020 consolidated financial statements, where a reinvestment accounted for under the equity has zero carrying amount, no gain or loss arises from reinvestment.

(3) Investment Plans for the Coming Year:

TPK's investment for the coming year will mainly concentrate on operations, look for low-risk financial investments and cooperate with the medium strategic purposes and beyond. In addition to cooperating with customer demands for capacity establishment, it also actively participates in processes improvement and equipment automation, while searching proper

industry-related investment objectives to achieve multifaceted strategy objectives of the industry layout.

6. Risk items in the Most Recent Year and as of the Date of the Publication Date of the Annual Report:

- (1) The impact of the Company's net profit caused by changes in the interest rates, foreign exchange rates, and inflation and countermeasures:

Unit: NT\$ thousands

| Item | 2019 | 2020 |
|----------------------------------|-----------|-----------|
| Net Interest Income (expense) | (236,190) | 21,018 |
| Net Foreign Exchange Gain (loss) | 216,684 | (306,991) |

1. Interest rates

The Company's 2020 annual net interest income is NT\$21,018 thousands (the following currencies are subject to New Taiwan dollar, or NT\$, unless otherwise specified). Maintaining close relationship with banks, taking advantage of financial market fluctuations, and flexibly and effectively managing the Company's cash to undertaking high-yield and principal-guaranteed structured deposits resulted in net interest income in 2020.

2. Foreign exchange rates

Functional currency of most of the Company's subsidiaries in mainland China is US dollar, and its major sales revenue and raw materials purchases are also denominated in the same currency, so there is no foreign exchange risk. However, some assets (such as time deposit and principal-guaranteed structured deposits) and liabilities (such as operating expenses and bank loan in Mainland China) in mainland China are denominated in Renminbi, so they are exposed to the foreign exchange risk. Functional currency of the Company's subsidiaries in Taiwan is New Taiwan dollar, and most of the sales revenue and raw materials purchases are denominated in US dollar, which are exposed to the foreign exchange risk. In addition, most of the operating expenses of the Company's subsidiaries in Mainland China and Taiwan are denominated in the local currency. Although part of the operating expense are exposed to the foreign exchange risks, the impact is insignificant because the exposed amount is relatively low (the operating expenses accounted for approximately 3.55% of the sales revenue on average in the last three years).

To minimize above-mentioned foreign exchange risks, the financial department has taken the following countermeasures:

- (1) Natural hedge is the major principle adopted to offset the foreign exchange risks. For example, the main sales revenue and raw material purchases of the subsidiaries are denominated in US dollar, so the natural hedging effect reduces most of the foreign exchange risks, and we further manage the excess risks by foreign exchange derivatives.
- (2) The financial personnel manage appropriately the positions in foreign currencies based on the reasonable forecast of the future exchange rates movements, so as to reduce the impact on the Company's profit from foreign exchange rate fluctuations.
- (3) Keep close contact with banks and monitor the change of foreign exchange rate, thus supervisors can have better understanding of movement of the rates to manage the risks in case of emergent market events.
- (4) The "Procedures for Derivatives Transaction" of this Company according to "Guidelines for the Acquisition or Disposal of Assets by Public Offering Companies" was approved by the

Audit Committee, the Board of Directors and the Shareholders' Meeting according to the law, and it revised and regulated the Company's participation in financial derivatives.

3. Inflation

Under the rapid change of overall economic environment, there is no significant impact on the Company's operation from inflation or deflation. The Company's products are sold worldwide, and by monitoring global economic change and market price of raw materials and end products, maintaining good relationship with the suppliers and customers, actively and appropriately adjusting sales strategies, procurement strategies, cost structures and payment terms, the Company's operation is unlikely influenced significantly by inflation or deflation.

4. Risk of increase of interest rate

(1) Current situation

(1). Interest rate for Renminbi loan

In recent years, the progress of China's interest rate marketization has attracted attention from all walks of life. The People's Bank of China has been reforming the interest rate market by relaxing lower limit of the benchmark rate of Renminbi loan and deposit in financial institutions for many times and broadening the range of deposit rates in financial institutions to accelerate marketization of the interest rates and reforms of the financial market and economy. Recently, China has been gaining more control over COVID-19 pandemic, which has led to a faster recovery of China's economy compared with other countries in the world. However, considering that the threat of the COVID-19 pandemic has not completely disappeared, the People's Bank of China still tends to adopt a neutral easing policy in Renminbi interest rates, and interest rates may remain stable in the short term. Meanwhile, as China and global economy gradually get rid of the haze of the COVID-19, Renminbi interest rates may raise in the future to stabilize the economy. Regulators in mainland China have emphasized the prevention and supervision over financial risks. They announced several policies to gain more control and improvement in bad debts or non-performing assets of local governments and banks, and reaffirmed that monetary policy is meant for sustaining market liquidity and stability rather than a one-way easing monetary policy. Therefore, it is expected that the People's Bank of China would still carefully remain the Renminbi interest rate at a reasonable level.

(2). Interest rate for US dollar loan

The surge of COVID-19 has brought uncertain risks and a slowdown to the global economy. After US Federal Reserve cut interest rate to stimulate local economy, Libor has been at low level, and it is estimated that US dollar interest rates would remain stable in the short term until global economy shows a signal of continuous and stable growth. In the future, the recovery of US economy may become faster, and US Federal Reserve may end the current monetary easing policy, and lead to a strengthening US dollar and higher interest rates in the medium and long term.

(2) Countermeasures

Since most of the sales and raw material purchases of the Company and its major subsidiaries are denominated in US dollar and the current US dollar loan interest rate is still lower than that of Renminbi loans, most of the Company's bank loan is denominated in US dollar. If the Renminbi loan interest rate continues to decrease, the proportion of Renminbi loan would be increased to save interest expenses. Besides, the

Company would moderately undertake Renminbi high-yield and principal-guaranteed structured deposits to reduce net interest expenses. Countermeasures include:

- (1). Finance department shall carefully evaluate the funding demand and financing plan according to actual demands, thus avoid unnecessary loan interest costs;
- (2). Strengthen cooperation and bargaining power with banks by leveraging the Company's economic scale, and optimize the net interest expense;
- (3). Expand the funding channels from non-Chinese banks to replace existing US dollar loans with higher interest costs by the one of lower cost in mainland China;
- (4). Increase the proportion of Renminbi loans to save interest expenses if Renminbi loan's interest cost is lower than US Dollar loan;
- (5). Minimize interest rate risks by using interest rate derivatives;
- (6). Appropriately carry out high-yield and principal-guaranteed structured deposits in order to reduce net interest expenses.

5. Risk of appreciation of Japanese yen

(1) Current situation

- (1). In response to the control of COVID-19 pandemic, US and European countries have started vaccination. With global economy continuing to recover, US dollar against Japanese yen may be appreciated. However, if the epidemic of COVID-19 cannot be properly contained, global economy may be again aggravated and Japanese yen could be appreciated in the future.
- (2). The procurement of some raw materials and machines are in Japanese yen, thus exposed to the foreign exchange risk. However, the impact is insignificant because the Japanese yen-denominated amount is little.

(2) Countermeasures

- (1). Keep close contact with banks and monitor the change of foreign exchange rate, thus supervisors can have better understanding of movement of the rates to manage the risks in case of emergent market events.
- (2). Use foreign exchange derivatives based on actual hedging demands, thus reduce the foreign exchange risk.

6. Risk of appreciation of Renminbi:

(1) Current situation

- (1). In the past few months, COVID-19 pandemic in China has been more controllable than other countries, which has caused foreign capital inflow to Chinese domestic equity market and led to appreciation of Renminbi against US dollar. As US and global economy continues to recover, the market expects that US dollar interest rate would raise to prevent the overheated economy, which potentially leads to strong US dollar against Renminbi. The trend of Renminbi against US dollar in the short term may be determined by the degree of the Sino-US trade conflict and the epidemic. If both can be properly resolved, Renminbi may return to the trend of appreciation.
- (2). Functional currency of most of the Company's subsidiaries in mainland China is US dollar; however, some of the assets (such as time deposit and principal-guaranteed structured deposits) and liabilities (such as local operating expenses and borrowings in mainland China) are denominated in Renminbi, so there is foreign exchange risk.

(2) Countermeasures

- (1). Keep close contact with banks and monitor the change of foreign exchange rate, thus

supervisors can have better understanding of movement of the rates to manage the risks in case of emergent market events.

- (2). Use foreign exchange derivatives based on actual hedging demands, thus reduce the foreign exchange risk.

7. Risk of the depreciation of US dollar (against New Taiwan dollar)

(1) Current situation

- (1). Previously due to the surge of new coronavirus in Europe and United States, global funds flowed into Asia-Pacific market, therefore New Taiwan dollar appreciated against US dollar. If US Federal Reserve raise the interest rate to curb the overheating economy, New Taiwan dollar may be depreciated. On the contrary, if the new coronavirus is not in proper control, it is possible that New Taiwan dollar would turn into appreciation against US dollar.
- (2). The main sales revenue and raw material purchases of the Company's subsidiaries in Taiwan are denominated in US dollar, and the amount of sales revenue is greater than the purchase of raw materials, so there is foreign exchange risk.

(2) Countermeasures

- (1). Keep close contact with banks and monitor the change of foreign exchange rate, thus supervisors can have better understanding of movement of the rates to manage the risks in case of emergent market events.
- (2). Use foreign exchange derivatives based on actual hedging demands, thus reduce the exchange rate risk.

- (2) The main reasons for the profit and loss of high-risk, high-leverage investment, capital loan and other endorsement guarantee and derivative commodity trading, and future countermeasures:

This company has established measures such as "Acquisition or Disposal of Assets Processing Procedures", "Measures for the Management of Funds and Others", "Management Measures for Endorsement Guarantees" and "Procedures for Dealing with Derivatives" for the basis of the Company and its subsidiaries. Up to this report's printing, this Company has not engaged in high-risk, high-leveraged investments, group loans and other external financial loans, others, endorsement guarantees, and high-risk derivatives transactions. In addition, This company has always focused on the operation of the touch industry, and has not engaged in other high-risk industries, and the financial planning and operation policies will continue to adhere to the principle of "conservative and stable" and this company will not engage in high-risk and high-leveration. Therefore, the associated risks are limited.

- (3) Future R&D plan and estimated expenses:

1. Future R&D plan

This company is dedicated to the principle of self-owned technology. In addition to independent R&D, this company also cooperates with research units, obtains new technology through technology authorization, and continues to input technology resources to improve mature touch technology and enhance market competition, as well as puts great efforts into developing innovative touch materials and application areas. Along with the mature stage of touch technology development, this company make lots of efforts to develop next-generation flexible touch products by grasping key technology, from materials to

processes and even to back-end lamination. The company functions as the leading touch manufacturer and will lead the industry into a new stage.

2. Estimated R&D expenses

The R&D investment of 2019 and 2020 was NT\$1,124,585 thousands and NT\$775,933 thousands respectively. The R&D investment in 2021 is expected to be NT\$795,815 thousands. In addition to the touch technology and related raw materials, the company also cooperates with customers to enhance product efficiency and reduce costs. The company will continue to input development resources in accordance with the product development roadmap in order to remain our competitive advantage.

(4) Risks Associated with Changes in Domestic and Foreign Government Policies and Regulations that Impact Business and Financial Operations:

TPK is incorporated in the Cayman Islands and its main operation located in mainland China, while its products are mainly sold to developed countries as those in North America and Europe. The economic activity in the Cayman Islands is mainly financial services, and the United States and mainland China are the major economies in the world with stable economic development and political environment. Products developed and sold by TPK are the important consumer components in the non-franchised or restricted industry. TPK complies with national policies and laws; it keeps abreast with major policy and legal changes at all times and takes proper measures to adapt to environment changes. It is not expected that other governmental policies or regulatory changes would materially impact TPK's operations or financial condition.

(5) Impact on the company's business caused by changes in scientific technology and industry and countermeasures:

The touch market has transformed into stable growth. In past years, the excessive expansion of touch capacity caused an imbalance in production and marketing, severe price competition, and reduction of manufacturers' profits, especially in the price competition of low-end products, which caused manufacturers to suffer losses, and some even quit the market. Faced with the competition of the touch industry and unexpected terminal demands, this company has returned to the supply of smart phone components and develops next-generation products with Silver Nanowires Technology Exchange and critical customers in the hope of creating more opportunities for touch technology.

In 2020, the internal organization hopes to reach overall competition and reduce production costs through cost control, yield improvement, automatic equipment, efficiency promotion, responsibility division, clear awards and punishments, and proper resource distribution, thus having responded magnificently to these efforts in financial reporting. Strong demand for work from home and online learning leads to have good operating performance. COVID-19 continues to impact on global in 2021, we keep strengthening internal controls and offering customers a tailored solution, thus improving competitiveness and creating better capital profit for shareholders.

With technology developments and updates and rampant hacking, the company is facing more challenges regarding information security. Therefore, the company carries out the protective encryption of sensitive data with multiple defense strategies, imports block chain technology, has established a business secret protection system to protect confidential data, ensures that company data e-mails do not leak, and reduces the risks to information safety. In

addition to the existing information security protection mechanism, the company has also established ISO27001 information security management for specific regions and obtained ISO27001 certification successfully. We will continue to review and continuously strengthen information security protection and reduce information security risk threats in the future.

- (6) Impact on enterprise crisis management caused by changes to the enterprise image and countermeasures:

We stick to genuine operating principles and steadfast spirit. We actively strengthen internal management and enhance quality and efficiency based on the operating concept “innovation, efficiency, practical, simple, human-oriented”. We recruited numerous talents to work for us. We enhanced the strength of our operation team, contribute our operation achievement back to the shareholders and public, and fulfill our corporate social responsibility. We have a great corporate image. Nothing has happened to alter our corporate image and cause a crisis on the corporate.

- (7) Expected benefits, possible risks, and countermeasures after merger: Nil.

- (8) Expected benefits, possible risks, and countermeasures after expansion of factories:

The company is conservative and fairly cautious about the capacity expansion.

- (9) Concentration of stock and sales and the related risks and countermeasures:

1. Stock concentration risk: No higher stock rate of a specific supplier has occurred, and the supplier’s ranking will change according to customers’ demands and arrangement, and therefore the company should be no risk of stock concentration.

2. Sales concentration risk: The Company focuses on developing innovative touch technology, materials, and processes, and its end customers are high-end consumer electronics factories. Influenced by the size-does-matter status of the high-end consumer electronics market, its customer concentration has been higher than other industries since its establishment; compared with its peers, the company is better than major competitor on the dispersion of customer concentration.

This company further strives to promote touch technology applications, with the expectation of popularizing touch. Through many years of efforts, the company has expanded touch technology to various consumer and commercial electronics, such as smart phones, wearable devices, e-readers, hand-held gaming consoles, tablets, 2-in-1 PCs, notebooks, All-in-One PCs, infotainment system screen in automobile and larger-sized touch screen, achieving the goal of dispersing the concentration risk of terminal touch application products.

- (10) Substantial transfer or change of stock equity of directors, Supervisors, or shareholders who hold over 10% of company shares. The impact, risks, and countermeasures:

No substantial transfer or change of stock equity of directors or shareholders who hold over 10% of company shares has occurred, so there is no such risk.

- (11) Impact on the company caused by change of management rights and the risks and countermeasures:

From last year to the time of publication, the management rights of this company have not changed. This company has strengthened its company operation measures, brought in independent directors, and established an Audit Committee and Remuneration Committee with the hope of improving the protection of overall shareholder rights. While the daily operation of the company relies on professional managers, who have made great contributions

to the business performance of this company, they will get shareholders' support in the future, and a change in management right will not negatively impact the company's management and business operation strength.

- (12) In the case of lawsuit or non-lawsuit events, determinations, or administrative disputes of the company and its directors, the Supervisor, President, virtual head, or shareholders who hold over 10% of company shares shall be listed; if the results will have a big impact on shareholder rights or securities price, then the disputed facts, target amount, lawsuit commencement date, main lawsuit party, and processing condition until as of the publication of this report shall be disclosed: None.

No disputes related to the company or its directors, Supervisor, President, virtual head, or shareholders who hold over 10% of company shares have been determined or ongoing in the last two years as of the publication of this report, so its results will not have a big impact on shareholder rights or securities price.

- (13) Other risks and countermeasures: None.

7. Other Events

None.

VIII. Special Events

1. Information Related to Affiliates

- (1) Subsidiaries Chart: Please refer to Annual Report page 125.
- (2) TPK Subsidiaries: Please refer to Annual Report page 126 to 129.
- (3) Shareholders in Common of TPK and Its Subsidiaries with Deemed Control and Subordination: None.
- (4) Rosters of Directors, Supervisors, and Presidents of TPK's Subsidiaries: Please refer to Annual Report page 130 to 132.
- (5) Operational Highlights of TPK Subsidiaries: Please refer to Annual Report page 133 to 134.
- (6) Consolidated Financial Statements Covering Affiliates: Same as the consolidated financial statements of TPK and its subsidiaries, please refer to Annual Report page 135.

2. Private Placement Securities in the Most Recent Year and as of the Date of the Publication Date of the Annual Report:

None.

3. Status of TPK Common Shares and GDRs Acquired, Disposed of, and Held by Subsidiaries in the Most Recent Year and as of the Date of the Annual Report:

None.

4. Other Necessary Supplements:

None.

5. Any Events in the Most Recent Year and as of the Publication Date of the Date of the Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan:

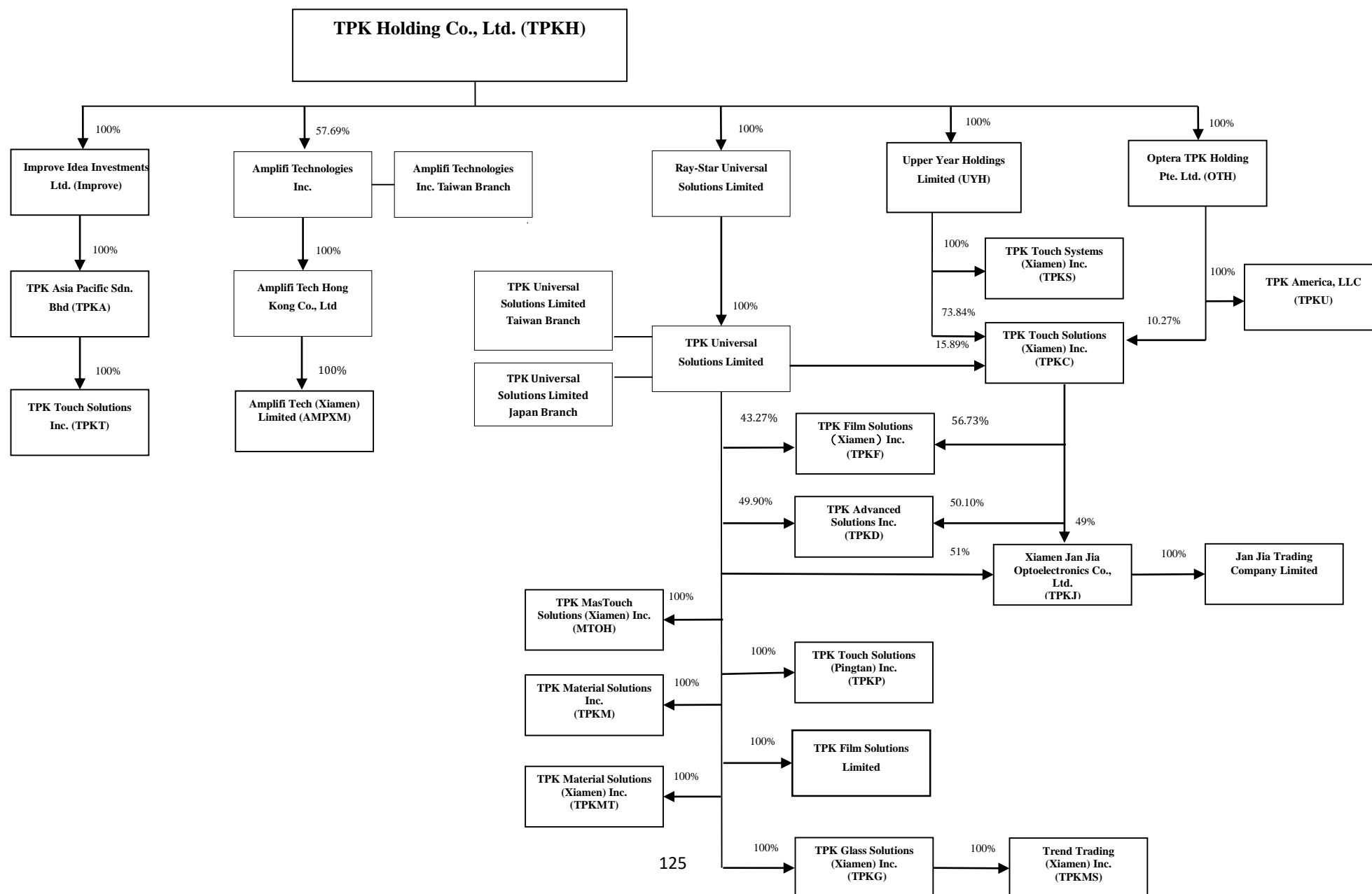
None.

6. Significant Differences in Shareholders' Equity guaranteed regulations in the R.O.C.:

None.

TPK Holding Co., Ltd. Subsidiaries Chart

Up to December 31, 2020



TPK Subsidiaries

As of December 31, 2020

| Company | Date of Incorporation | Place of Registration | Capital Stock | Business Activities |
|--------------------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------------|
| TPK Touch Solutions Inc. | May 09, 2003 | 6 F, No.13-18, Sec. 6, Min-quan E. Rd., Neihu District., Taipei City, Taiwan | NT\$ 507,170,000 | Touch related material sales and machinery manufacture, wholesale and retail |
| Upper Year Holdings Limited | Jan. 17, 2006 | Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa | US\$ 196,250,000 | Holding company |
| Improve Idea Investments Ltd. | Jan. 17, 2006 | Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa | US\$ 154,490,000 | Holding company |
| Optera TPK Holding Pte. Ltd. | Nov. 24, 2005 | 80 Robinson Road, #02-00, Singapore 068898 | US\$ 24,800,000 | Holding company |
| TPK Technology International Inc. (Note 2) | Jan. 08, 2007 | Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa | -(Note 2) | International trade |
| TPK America, LLC | Apr. 16, 2010 | 1209 Orange Street, Wilmington, Delaware 19801, U.S.A. | US\$ 4,800,000 | International trade |
| Ray-Star Universal Solutions Limited | Dec. 17, 2010 | Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong | US\$ 469,498,000 | Holding company |
| TPK Universal Solutions Limited | Dec. 23, 2010 | Suites 1204-07, 12/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong | US\$ 467,498,000 | Touch module related product research, holding company and International trade |
| TPK Asia Pacific Sdn.Bhd. | Dec. 03, 2010 | Unit 3(I), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, F.T. Labuan, Malaysia | US\$ 196,808 | Holding company |

| Company | Date of Incorporation | Place of Registration | Capital Stock | Business Activities |
|---------------------------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------|
| Ray-Star System Solutions Limited (Note 2) | Apr. 01, 2011 (Note 1) | Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong | -(Note 2) | Holding company |
| TPK Touch Solutions (Xiamen) Inc. | Aug. 26, 2004 | 199, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China | US\$ 354,066,610 | Touch related material sales and machinery manufacture, wholesale and retail |
| TPK Lens Solutions Inc. (Note 2) | May 30, 2006 | 40, Haijing Middle Road, Haicang, Xiamen EPZ, Fujian, China | -(Note 2) | Optical glass processing and sales |
| TPK Touch Systems (Xiamen) Inc. | Jun. 21, 2006 | Floor 1-8, No.1 Workshop, No. 190, Jimei Avenue, Jimei District, Xiamen, Fujian, China | US\$ 25,000,000 | Touch modules research, development, manufacture and sales |
| Ray-Star Optical Solutions (Xiamen) Inc. (Note 2) | Apr. 15, 2010 | Technology Center Building, No.18, Xiafei Road, Xinyang Industrial Park, Haicang, Xiamen, Fujian, China | -(Note 2) | Optical glass processing and sales |
| TPK Glass Solutions (Xiamen) Inc. | Feb. 14, 2011 | 996, Minan Avenue, Xiang'an Industrial District, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China | US\$ 371,820,000 | Optical glass processing and sales |
| Xiamen Jan Jia Optoelectronics Co., Ltd. | Apr. 01, 2012 (Note 1) | Middle Building, No.1, Xiangming Road, Xiang'an Industrial District, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China | US\$ 3,600,000 | Protective film and optical adhesive manufacture and sales |
| Jan Jia Trading Company Limited | Jan. 03, 2018 | Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong | US\$ 500,000 | International trade |
| TPK Film Solutions Limited | Jun. 14, 2012 | Units 610-611, 6/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong | US\$ 18,000,000 | Holding company |
| TPK Film Solutions (Xiamen) Inc. | Aug. 07, 2012 | D Zone, The Fifth Floor Of Complex Building, No.191, Banshang Road, Information Photoelectric Park, Torch | US\$ 40,910,000 | Touch modules and resin products research, |

| Company | Date of Incorporation | Place of Registration | Capital Stock | Business Activities |
|-----------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------------------|
| | | Development Zone For High Technology Industries, Xiamen, Fujian, China | | development, manufacture and sales |
| TPK MasTouch Solutions (Xiamen) Inc. | Feb. 04, 2013 (Note 1) | No.1, Haijing North Road, Haicang, Xiamen EPZ, Fujian, China | US\$ 86,000,000 | Touch modules research, development, manufacture and sales |
| TPK Touch Solutions (Pingtan) Inc. | Feb. 18, 2013 | 1, Ruyi East Road, Beicuo Town, Pingtan County, Fujian, China | US\$ 218,852,000 | Touch modules research, development, manufacture and sales |
| TPK Material Solutions Inc. | Aug. 01, 2013 | Jinjiang Economic Development Zone, Fujian, China | US\$ 3,500,000 | Eelectronic materials manufacture |
| TPK Advanced Solutions Inc. | Jul. 15, 2014 | The Second, Third And Fourth Floor, No. 515, Qishan North Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China | US\$ 177,931,460 | Touch modules research, development, manufacture and sales |
| Trend Trading (Xiamen) Inc. (Note 3) | Jul. 31, 2014 | E Zone, The Fifth Floor Of Complex Building, No.191, Banshang Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China | RMB 1,500,000 | Trade |
| TPK Material Solutions (Xiamen) Inc. | Oct. 22, 2018 | A Zone, The First Floor, No.3 Workshop Of Bathroom Ironmongery, No. 2168, Tongan Avenue, Tongan District, Xiamen, Fujian, China | US\$ 10,000,000 | Eelectronic materials manufacture |
| Amplifi Technologies Inc. | Dec. 19, 2019 | PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands | US\$ 0.26 | Holding company, research and development, manufacturing and sale of resin products |

| Company | Date of Incorporation | Place of Registration | Capital Stock | Business Activities |
|-------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------------------------|
| Amplifi Tech Hong Kong Co., Limited | Apr. 07, 2020 | Units 610-611, 6/F., Tower 2, Lippo Center, 89 Queensway, Admiralty, Hong Kong | US\$ 1,000,000 | Holding company and international trading |
| Amplifi Tech (Xiamen) Limited | Dec. 15, 2020 | The Third Floor, No. 515, Qishan North Road, Information Photoelectric Park, Torch Development Zone For High Technology Industries, Xiamen, Fujian, China | -(Note 4) | Resin research, development, manufacture and sales |

Note 1: Date of TPK acquired the ownership.

Note 2: The liquidation process of Ray-Star System Solutions Limited, TPK Lens Solutions Inc., Ray-Star Optical Solutions (Xiamen) Inc. and TPK Technology International Inc. were completed in January, March, March and November 2020, respectively.

Note 3: TPK Chenqi (Mainland) Solutions Inc. changed its name to Trend Trading (Xiamen) Inc. in April 2020.

Note 4: A capital of US\$ 500 thousand was invested in Amplifi Tech (Xiamen) Limited in February 2021.

Rosters of Directors, Supervisors, and Presidents of TPK's Subsidiaries

As of December 31, 2020

| Enterprise Name | Position | Name/Representative | Shares Held | |
|--------------------------------------------------|--------------------|--------------------------|----------------------------------------------|----------------------------------------------------|
| | | | Number of Shares (Amount of contribution) | Ratio of Shareholding % (Ratio of contribution) |
| TPK Touch Solutions Inc. | Chairman | Michael Chao-Juei Chiang | — | — |
| Upper Year Holdings Limited (Samoa) | Director | Michael Chao-Juei Chiang | — | — |
| Improve Idea Investments Ltd. (Samoa) | Director | Michael Chao-Juei Chiang | — | — |
| Optera TPK Holding Pte. Ltd. (Singapore) | Director | Michael Chao-Juei Chiang | — | — |
| | Director | Tay Tuan Leng | — | — |
| | Director | Freddie Liu | — | — |
| TPK America, LLC | Manager | Michael Chao-Juei Chiang | — | — |
| Ray-Star Universal Solutions Limited (Hong Kong) | Director | Michael Chao-Juei Chiang | — | — |
| | Director | Freddie Liu | — | — |
| TPK Universal Solutions Limited (Hong Kong) | Director | Michael Chao-Juei Chiang | — | — |
| TPK Asia Pacific Sdn.Bhd (Malaysia) | Director | Michael Chao-Juei Chiang | — | — |
| | Director | Geoffrey Chang Tze Weng | — | — |
| | Director | Freddie Liu | — | — |
| TPK Film Solutions Limited (Hong Kong) | Director | Michael Chao-Juei Chiang | — | — |
| TPK Touch Solutions (Xiamen) Inc. | Executive Director | Michael Chao-Juei Chiang | — | — |
| | Supervisor | Freddie Liu | — | — |
| | President | Li-Chien Hsieh | — | — |
| TPK Touch Systems (Xiamen) Inc. | Executive Director | Michael Chao-Juei Chiang | — | — |
| | Supervisor | Freddie Liu | — | — |
| | President | Li-Chien Hsieh | — | — |
| TPK Glass Solutions (Xiamen) Inc. | Executive Director | Michael Chao-Juei Chiang | — | — |
| | Supervisor | Freddie Liu | — | — |
| | President | Li-Chien Hsieh | — | — |

| Enterprise Name | Position | Name/Representative | Shares Held | |
|------------------------------------------|--------------------------------|--------------------------|----------------------------------------------|----------------------------------------------------|
| | | | Number of Shares (Amount of contribution) | Ratio of Shareholding % (Ratio of contribution) |
| Xiamen Jan Jia Optoelectronics Co., Ltd. | Director & President | Qing-Xiong Xiao | — | — |
| | Chairman | Li-Chien Hsieh | — | — |
| | Director | Jen-I Tai | — | — |
| | Supervisor | Freddie Liu | — | — |
| TPK Film Solutions (Xiamen) Inc. | Executive Director | Michael Chao-Juei Chiang | — | — |
| | President | Shih-Ming Liu | — | — |
| | Supervisor | Freddie Liu | | |
| TPK MasTouch Solutions (Xiamen) Inc. | Executive Director & President | Shih-Ming Liu | — | — |
| | Supervisor | Freddie Liu | — | — |
| TPK Touch Solutions (Pingtan) Inc. | Executive Director | Michael Chao-Juei Chiang | — | — |
| | Supervisor | Freddie Liu | — | — |
| | President | Shih-Ming Liu | — | — |
| TPK Material Solutions Inc. | Executive Director & President | Chun-Min Hu | — | — |
| | Supervisor | Shih-Ming Liu | — | — |
| TPK Advanced Solutions Inc. | Chairman | Michael Chao-Juei Chiang | — | — |
| | Director & President | Li-Chien Hsieh | — | — |
| | Director | Shih-Ming Liu | — | — |
| | Supervisor | Freddie Liu | — | — |
| Trend Trading (Xiamen) Inc. | Executive Director | Michael Chao-Juei Chiang | — | — |
| | Supervisor | Freddie Liu | — | — |
| | President | Li-Chien Hsieh | — | — |
| Jan Jia Trading Company Limited | Executive Director | Shu-Yue Liao | | |
| TPK Material Solutions (Xiamen) Inc. | Executive Director | Chun-Min Hu | — | — |
| | Supervisor | Freddie Liu | — | — |
| | President | Shih-Ming Liu | — | — |

| Enterprise Name | Position | Name/Representative | Shares Held | |
|-------------------------------------|--------------------|--------------------------|----------------------------------------------|----------------------------------------------------|
| | | | Number of Shares (Amount of contribution) | Ratio of Shareholding % (Ratio of contribution) |
| Amplifi Technologies Inc. | Director | Michael Chao-Juei Chiang | — | — |
| Amplifi Tech Hong Kong Co., Limited | Director | Michael Chao-Juei Chiang | — | — |
| Amplifi Tech (Xiamen) Limited | Executive Director | Jen-I Tai | — | — |
| | Supervisor | Kai-Lun Wang | — | — |
| | President | Lin, Yu-Chia | — | — |

Operational Highlights of TPK Subsidiaries

As of 12/31/2020, Unit: NT\$ thousands, except EPS (NT\$)

| Company | Capital Stock | Assets | Liabilities | Net Worth | Net Revenue | Income (Loss) from Operation | Net Income (Loss) | Basic Earnings (Loss) Per Share |
|------------------------------------------|----------------------|---------------|--------------------|------------------|--------------------|---------------------------------------------|------------------------------|--------------------------------------------|
| TPK Touch Solutions Inc. | NT\$ 507,170,000 | 1,961,078 | 91,056 | 1,870,022 | 241,186 | (170,281) | (212,324) | (4.19) |
| Upper Year Holdings Limited | US\$ 196,250,000 | 33,031,676 | 2,598,114 | 30,433,562 | - | (21) | 1,077,152 | 5.49 |
| Improve Idea Investments Ltd. | US\$ 154,490,000 | 3,868,586 | - | 3,868,586 | - | (56) | (188,711) | (1.22) |
| Optera TPK Holding Pte. Ltd. | US\$ 24,800,000 | 1,986,790 | 222,624 | 1,764,166 | - | (295) | 77,028 | 2,484.77 |
| TPK Technology International Inc. | - | - | - | - | - | (13,343) | (12,655) | (Note 2) |
| TPK America, LLC | US\$ 4,800,000 | 175,898 | 9,937 | 165,961 | 262,677 | 3,448 | 3,703 | (Note 1) |
| Ray-Star Universal Solutions Limited | US\$ 469,498,000 | 8,089,154 | 34 | 8,089,120 | - | (58) | 558,644 | 1.19 |
| TPK Universal Solutions Limited | US\$ 467,498,000 | 42,894,562 | 34,860,877 | 8,033,685 | 148,956,711 | 348,596 | 558,687 | 1.20 |
| TPK Asia Pacific Sdn.Bhd. | US\$ 196,808 | 3,834,946 | 391 | 3,834,555 | - | 1,024 | (188,699) | (298.49) |
| Ray-Star System Solutions Limited | - | - | - | - | - | - | - | (Note 2) |
| TPK Touch Solutions (Xiamen) Inc. | US\$ 354,066,610 | 49,772,200 | 15,937,048 | 33,835,152 | 36,361,948 | (161,570) | 801,030 | (Note 1) |
| TPK Lens Solutions Inc. | - | - | - | - | - | (6) | (12) | (Note 1 & 2) |
| TPK Touch Systems (Xiamen) Inc. | US\$ 25,000,000 | 7,318,712 | 4,111,490 | 3,207,222 | 16,323,918 | 667,832 | 655,004 | (Note 1) |
| Ray-Star Optical Solutions (Xiamen) Inc. | - | - | - | - | - | (4) | (7) | (Note 1 & 2) |
| TPK Glass Solutions (Xiamen) Inc. | US\$ 371,820,000 | 5,965,198 | 5,035,621 | 929,577 | 1,687,390 | (313,602) | (132,042) | (Note 1) |
| Xiamen Jan Jia Optoelectronics Co., Ltd. | US\$ 3,600,000 | 2,544,043 | 795,673 | 1,748,370 | 5,003,818 | (236,184) | 578,072 | (Note 1) |
| Jan Jia Trading Company Limited | US\$ 500,000 | 61,702 | 32,918 | 28,784 | 263,743 | 12,524 | 10,869 | 21.74 |

| Company | Capital Stock | Assets | Liabilities | Net Worth | Net Revenue | Income (Loss) from Operation | Net Income (Loss) | Basic Earnings (Loss) Per Share |
|-----------------------------------------|------------------|------------|-------------|-------------|-------------|------------------------------------|----------------------|------------------------------------|
| TPK Film Solutions Limited | US\$ 18,000,000 | 5,319 | - | 5,319 | - | (300) | 954 | 0.05 |
| TPK Film Solutions (Xiamen) Inc. | US\$ 40,910,000 | 121,214 | 2,901 | 118,313 | 7,587 | 2,893 | 9,135 | (Note 1) |
| TPK MasTouch Solutions (Xiamen) Inc. | US\$ 86,000,000 | 3,059,216 | 1,843,357 | 1,215,859 | 2,985,303 | 150,241 | 158,221 | (Note 1) |
| TPK Touch Solutions (Pingtan) Inc. | US\$ 218,852,000 | 3,009,838 | 6,500,111 | (3,490,273) | 409,191 | (842,953) | (804,368) | (Note 1) |
| TPK Material Solutions Inc. | US\$ 3,500,000 | 281,207 | 678 | 280,529 | - | (1) | 19,747 | (Note 1) |
| TPK Advanced Solutions Inc. | US\$ 177,931,460 | 33,886,698 | 19,896,096 | 13,990,602 | 59,276,753 | 54,184 | 183,599 | (Note 1) |
| Trend Trading (Xiamen) Inc. (Note 3) | RMB 1,500,000 | 5,068 | 180 | 4,888 | - | (2,280) | (2,247) | (Note 1) |
| TPK Material Solutions (Xiamen) Inc. | US\$ 10,000,000 | 459,094 | 159,760 | 299,334 | 174,885 | (8,362) | 632 | (Note 1) |
| Amplifi Technologies Inc. | US\$ 0.26 | 562,080 | 265,105 | 296,975 | 67,228 | (5,452) | 1,415 | 54,423.08 |
| Amplifi Tech Hong Kong Co., Limited | US\$ 1,000,000 | 304,750 | 279,417 | 25,333 | 100,336 | (2,498) | (3,272) | (3.27) |
| Amplifi Tech (Xiamen) Limited | -(Note 4) | - | - | - | - | - | - | - |

Note 1: These firms do not issue shares. TPK's investment is measured as a percentage of ownership.

Note 2: The liquidation process of Ray-Star System Solutions Limited, TPK Lens Solutions Inc., Ray-Star Optical Solutions (Xiamen) Inc. and TPK Technology International Inc. were completed in January, March, March and November 2020, respectively.

Note 3: TPK Chenqi (Mainland) Solutions Inc. changed its name to Trend Trading (Xiamen) Inc. in April 2020.

Note 4: A capital of US\$ 500 thousand was invested in Amplifi Tech (Xiamen) Limited in February 2021.

TPK Holding Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TPK Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of TPK Holding Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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 2019 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Valuation of Inventory

The description of key audit matter:

As of December 31, 2020, the carrying amount of inventory was NT\$8,425,247 thousand (net of the allowance for inventory valuation and obsolescence losses of NT\$352,914 thousand), which accounted for 10% of the Group's total assets. The Group is mainly engaged in the business of developing, manufacturing and selling touch modules and related products. As the touch modules industry is characterized by rapid change in technology, as well as short life cycles for the related products, in this regard, the risk surrounding the write-down of slow moving and obsolete inventory is higher. Based on the aging of inventories, the net realizable value of the Group's products, the related sales status and the changes in the market, the Group evaluated and recognized losses related to the write-down of slow moving and obsolete inventory monthly. Since such valuation of inventory requires significant judgment from management, the valuation of inventory has been identified as a key audit matter.

Refer to Notes 4 (g), 5 (c) and 11 to the Group's consolidated financial statements for details of the related accounting policy and the relevant information about inventory.

Corresponding audit procedures:

As for the evaluation of losses related to the write-down of slow moving and obsolete inventory, after first gaining familiarity with the industry characteristics to which the Group belongs, we obtained an understanding of the reasonability of the Group's policy for the provision for obsolete inventory and inventory whose carrying amount was lower than the net realizable value, and we randomly inspected inventory aging and performed our own calculation to verify whether the loss recognized adhered to the Group's provision policy.

In addition, at the end of the year, we performed an inventory observation and random counting to understand the inventory status and evaluate the appropriateness of the loss of obsolete and damaged inventory.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect 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 the audit committee, 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 the 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 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 for the year ended December 31, 2020 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 audits resulting in this independent auditors' report are Tzu-Jung Kuo and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| ASSETS | 2020 | | 2019 | |
|-------------------------------------------------------------------------------------------------|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS (Note 4) | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 22,603,449 | 27 | \$ 17,202,387 | 20 |
| Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31) | 1,142,450 | 1 | 149,870 | - |
| Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 31) | 3,930,240 | 5 | 156,325 | - |
| Financial assets at amortized cost - current (Notes 4, 9, 31 and 33) | 2,834,934 | 4 | 8,554,285 | 10 |
| Notes and trade receivable, net (Notes 4, 10, 31 and 32) | 12,763,804 | 15 | 12,893,862 | 15 |
| Other receivables, net (Notes 4, 10, 31 and 32) | 2,224,763 | 3 | 4,328,134 | 5 |
| Current tax assets (Notes 4 and 25) | 10,603 | - | 51,368 | - |
| Inventories (Notes 4, 5 and 11) | 8,425,247 | 10 | 8,202,304 | 10 |
| Other current assets | <u>177,725</u> | <u>-</u> | <u>122,803</u> | <u>-</u> |
| Total current assets | <u>54,113,215</u> | <u>65</u> | <u>51,661,338</u> | <u>60</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 31) | 377,889 | - | 77,755 | - |
| Property, plant and equipment (Notes 4, 14, 32 and 33) | 19,997,310 | 24 | 25,417,590 | 30 |
| Right-of-use assets (Notes 4 and 15) | 3,903,055 | 5 | 2,849,990 | 3 |
| Investment properties (Notes 4 and 16) | 251,964 | - | 326,599 | 1 |
| Intangible assets (Notes 4 and 17) | 70,168 | - | 95,834 | - |
| Deferred tax assets (Notes 4, 5 and 25) | 1,904,040 | 2 | 2,422,152 | 3 |
| Prepayments for equipment | 2,887,680 | 4 | 2,469,047 | 3 |
| Refundable deposits (Note 32) | 113,399 | - | 172,409 | - |
| Other non-current assets | <u>2,308</u> | <u>-</u> | <u>403</u> | <u>-</u> |
| Total non-current assets | <u>29,507,813</u> | <u>35</u> | <u>33,831,779</u> | <u>40</u> |
| TOTAL | <u>\$ 83,621,028</u> | <u>100</u> | <u>\$ 85,493,117</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES (Note 4) | | | | |
| Short-term borrowings (Notes 18 and 31) | \$ 3,400,323 | 4 | \$ 6,492,737 | 8 |
| Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 31) | 1,181,289 | 2 | 180,953 | - |
| Notes and trade payable (Note 32) | 14,443,161 | 17 | 18,327,590 | 21 |
| Payables for purchase of equipment (Notes 19, 29 and 32) | 941,126 | 1 | 1,004,691 | 1 |
| Other payables - others (Notes 19 and 32) | 2,729,047 | 3 | 2,315,974 | 3 |
| Current tax liabilities (Notes 4 and 25) | 31,846 | - | 60,427 | - |
| Provisions - current (Notes 4, 5, 11 and 20) | 1,929,985 | 2 | 2,103,289 | 3 |
| Lease liabilities - current (Notes 4, 15 and 32) | 556,388 | 1 | 296,282 | - |
| Current portion of long-term borrowings (Notes 4, 18 and 33) | 3,351,097 | 4 | 2,606,330 | 3 |
| Other current liabilities (Note 16) | <u>470,321</u> | <u>1</u> | <u>146,702</u> | <u>-</u> |
| Total current liabilities | <u>29,034,583</u> | <u>35</u> | <u>33,534,975</u> | <u>39</u> |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Notes 14, 18, 32 and 33) | 11,566,775 | 14 | 10,570,515 | 13 |
| Deferred tax liabilities (Notes 4 and 25) | 2,796,329 | 3 | 2,780,286 | 3 |
| Lease liabilities - non-current (Notes 4, 15 and 32) | 2,987,243 | 4 | 1,648,609 | 2 |
| Net defined benefit liabilities - non-current (Notes 4 and 21) | 5,184 | - | 6,304 | - |
| Guarantee deposits received | 29,489 | - | 30,749 | - |
| Other non-current liabilities | <u>395,944</u> | <u>-</u> | <u>752,969</u> | <u>1</u> |
| Total non-current liabilities | <u>17,780,964</u> | <u>21</u> | <u>15,789,432</u> | <u>19</u> |
| Total liabilities | <u>46,815,547</u> | <u>56</u> | <u>49,324,407</u> | <u>58</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 22, 27 and 28) | | | | |
| Share capital | | | | |
| Ordinary shares | <u>4,066,638</u> | <u>5</u> | <u>4,066,638</u> | <u>5</u> |
| Capital surplus | <u>28,165,226</u> | <u>34</u> | <u>28,162,570</u> | <u>33</u> |
| Retained earnings | | | | |
| Legal reserve | 3,287,058 | 4 | 3,268,129 | 4 |
| Unappropriated earnings (accumulated deficits) | <u>304,010</u> | <u>-</u> | <u>(709,071)</u> | <u>(1)</u> |
| Total retained earnings | <u>3,591,068</u> | <u>4</u> | <u>2,559,058</u> | <u>3</u> |
| Other equity | | | | |
| Exchange differences on translating foreign operations | (226,291) | - | 1,380,444 | 1 |
| Unrealized valuation gain on financial assets at fair value through other comprehensive income | <u>1,083,190</u> | <u>1</u> | <u>-</u> | <u>-</u> |
| Total other equity | <u>856,899</u> | <u>1</u> | <u>1,380,444</u> | <u>1</u> |
| Total equity attributable to owners of the Company | 36,679,831 | 44 | 36,168,710 | 42 |
| NON-CONTROLLING INTERESTS | <u>125,650</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total equity | <u>36,805,481</u> | <u>44</u> | <u>36,168,710</u> | <u>42</u> |
| TOTAL | <u>\$ 83,621,028</u> | <u>100</u> | <u>\$ 85,493,117</u> | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements.

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2020 | | 2019 | |
|-------------------------------------------------------------------------------------|--------------------|-----------|--------------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE, NET (Notes 4, 23, 32 and 39) | \$ 114,583,199 | 100 | \$ 136,606,695 | 100 |
| OPERATING COSTS (Notes 4, 11, 14, 15, 17, 20, 21, 24, 27 and 32) | <u>109,717,613</u> | <u>96</u> | <u>131,866,816</u> | <u>97</u> |
| GROSS PROFIT | <u>4,865,586</u> | <u>4</u> | <u>4,739,879</u> | <u>3</u> |
| OPERATING EXPENSES (Notes 4, 10, 14, 15, 17, 21, 24, 27 and 32) | | | | |
| Selling and marketing expenses | 447,917 | - | 571,068 | - |
| General and administrative expenses | 2,692,047 | 2 | 2,920,099 | 2 |
| Research and development expenses | <u>775,933</u> | <u>1</u> | <u>1,124,585</u> | <u>1</u> |
| Total operating expenses | <u>3,915,897</u> | <u>3</u> | <u>4,615,752</u> | <u>3</u> |
| OPERATING INCOME | <u>949,689</u> | <u>1</u> | <u>124,127</u> | <u>-</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Government grant revenue (Note 4) | 539,664 | 1 | 529,779 | - |
| Interest income (Notes 4, 24 and 32) | 775,988 | 1 | 682,503 | 1 |
| Other income (Notes 4, 15, 24 and 32) | 220,683 | - | 218,967 | - |
| Gain on financial products at fair value through profit or loss (Notes 4, 7 and 31) | 413,093 | - | - | - |
| Finance costs (Notes 4, 15, 18, 24 and 32) | (754,970) | (1) | (918,693) | (1) |
| Foreign exchange gain, net (Notes 4 and 37) | - | - | 216,684 | - |
| Foreign exchange loss, net (Notes 4 and 37) | (306,991) | - | - | - |
| Loss on financial products at fair value through profit or loss (Notes 4, 7 and 31) | - | - | (37,243) | - |
| Other losses (Notes 4 and 16) | <u>(25,887)</u> | <u>-</u> | <u>(36,022)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>861,580</u> | <u>1</u> | <u>655,975</u> | <u>-</u> |
| PROFIT BEFORE INCOME TAX | 1,811,269 | 2 | 780,102 | - |
| INCOME TAX EXPENSE (Notes 4 and 25) | <u>776,896</u> | <u>1</u> | <u>477,363</u> | <u>-</u> |
| NET PROFIT FOR THE YEAR | <u>1,034,373</u> | <u>1</u> | <u>302,739</u> | <u>-</u> |

(Continued)

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2020 | | 2019 | |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------|---------------------|----------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Notes 4 and 21) | \$ 687 | - | \$ 5,201 | - |
| Unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income (Notes 4, 8 and 22) | 1,083,190 | 1 | - | - |
| Exchange differences arising on translation to the presentation currency (Notes 4 and 22) | <u>(1,861,072)</u> | <u>(2)</u> | <u>(887,444)</u> | <u>-</u> |
| | <u>(777,195)</u> | <u>(1)</u> | <u>(882,243)</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating foreign operations (Notes 4 and 22) | <u>249,881</u> | <u>-</u> | <u>12,932</u> | <u>-</u> |
| Other comprehensive loss for the year, net of income tax | <u>(527,314)</u> | <u>(1)</u> | <u>(869,311)</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | <u>\$ 507,059</u> | <u>-</u> | <u>\$ (566,572)</u> | <u>-</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 1,031,323 | 1 | \$ 208,882 | - |
| Non-controlling interests | <u>3,050</u> | <u>-</u> | <u>93,857</u> | <u>-</u> |
| | <u>\$ 1,034,373</u> | <u>1</u> | <u>\$ 302,739</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 508,465 | - | \$ (670,831) | - |
| Non-controlling interests | <u>(1,406)</u> | <u>-</u> | <u>104,259</u> | <u>-</u> |
| | <u>\$ 507,059</u> | <u>-</u> | <u>\$ (566,572)</u> | <u>-</u> |
| EARNINGS PER SHARE (Note 26) | | | | |
| Basic | <u>\$ 2.54</u> | | <u>\$ 0.51</u> | |
| Diluted | <u>\$ 2.53</u> | | <u>\$ 0.51</u> | |

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | | | Non-controlling Interests (Notes 4, 12, 22 and 28) | Total Equity |
|-------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------|----------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------|---------------|
| | Share Capital (Notes 4 and 22) | Capital Surplus (Notes 4, 22, 27 and 28) | Retained Earnings | | Other Equity | | Total | | |
| | | | Legal Reserve (Note 22) | Unappropriated Earnings (Accumulated Deficits) (Notes 4, 21, 22 and 28) | Exchange Differences on Translating Foreign Operations (Notes 4 and 22) | Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 22) | | | |
| BALANCE AT JANUARY 1, 2019 | \$ 4,066,638 | \$ 28,146,706 | \$ 3,246,461 | \$ (833,561) | \$ 2,265,358 | \$ - | \$ 36,891,602 | \$ 350,107 | \$ 37,241,709 |
| Appropriation of 2018 earnings | | | | | | | | | |
| Legal reserve | - | - | 21,668 | (21,668) | - | - | - | - | - |
| Net profit for the year ended December 31, 2019 | - | - | - | 208,882 | - | - | 208,882 | 93,857 | 302,739 |
| Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax | - | - | - | 5,201 | (884,914) | - | (879,713) | 10,402 | (869,311) |
| Total comprehensive income (loss) for the year ended December 31, 2019 | - | - | - | 214,083 | (884,914) | - | (670,831) | 104,259 | (566,572) |
| Recognition of employee share options by the Company | - | 15,864 | - | - | - | - | 15,864 | - | 15,864 |
| Decrease in non-controlling interests | - | - | - | (67,925) | - | - | (67,925) | (454,366) | (522,291) |
| BALANCE AT DECEMBER 31, 2019 | 4,066,638 | 28,162,570 | 3,268,129 | (709,071) | 1,380,444 | - | 36,168,710 | - | 36,168,710 |
| Appropriation of 2019 earnings | | | | | | | | | |
| Legal reserve | - | - | 18,929 | (18,929) | - | - | - | - | - |
| Net profit for the year ended December 31, 2020 | - | - | - | 1,031,323 | - | - | 1,031,323 | 3,050 | 1,034,373 |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | - | - | - | 687 | (1,606,735) | 1,083,190 | (522,858) | (4,456) | (527,314) |
| Total comprehensive income (loss) for the year ended December 31, 2020 | - | - | - | 1,032,010 | (1,606,735) | 1,083,190 | 508,465 | (1,406) | 507,059 |
| Increase in non-controlling interests | - | 2,656 | - | - | - | - | 2,656 | 127,056 | 129,712 |
| BALANCE AT DECEMBER 31, 2020 | \$ 4,066,638 | \$ 28,165,226 | \$ 3,287,058 | \$ 304,010 | \$ (226,291) | \$ 1,083,190 | \$ 36,679,831 | \$ 125,650 | \$ 36,805,481 |

The accompanying notes are an integral part of the consolidated financial statements.

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|---------------------------------------------------------------------------------------------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 1,811,269 | \$ 780,102 |
| Adjustments for: | | |
| Depreciation expenses | 6,157,402 | 7,811,934 |
| Amortization expenses | 21,538 | 27,560 |
| Expected credit loss reversed on trade receivables | (7,482) | (5,837) |
| Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss | 56,592 | 31,493 |
| Finance costs | 754,970 | 918,693 |
| Interest income | (775,988) | (682,503) |
| Compensation costs of employee share options | - | 15,864 |
| (Gain) loss on disposal of property, plant and equipment | (129,709) | 187,204 |
| Gain on disposal of intangible assets | (4) | - |
| Loss (gain) on lease modification | 17 | (544) |
| Impairment loss recognized on property, plant and equipment | 18,572 | 803,474 |
| Recognition (reversal) of write-downs of inventories | 29,501 | (297,742) |
| Recognition of provisions | 410,793 | 1,129,808 |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in trade and notes receivable | 129,223 | (2,442,209) |
| Decrease (increase) in other receivables | 2,155,544 | (1,497,054) |
| (Increase) decrease in inventories | (239,716) | 2,910,831 |
| (Increase) decrease in other current assets | (36,612) | 58,368 |
| Decrease in notes and trade payable | (3,884,429) | (1,090,842) |
| Increase (decrease) in other payables | 320,640 | (320,761) |
| Decrease in provisions | (483,770) | (721,624) |
| Decrease in other current liabilities | (98,799) | (48,106) |
| Decrease in net defined benefit liabilities | (433) | (365) |
| Cash generated from operations | 6,209,119 | 7,567,744 |
| Interest received | 575,259 | 611,174 |
| Income tax paid | (230,558) | (546,318) |
| Net cash generated from operating activities | <u>6,553,820</u> | <u>7,632,600</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | (2,850,500) | - |
| Proceeds from sale of financial assets at fair value through other comprehensive income | 151,094 | 100,000 |
| Proceeds from sale (purchase) of financial assets at amortized cost | 5,719,351 | (4,422,720) |
| Purchase of financial assets at fair value through profit or loss | (382,857) | (77,755) |
| Payments for property, plant and equipment | (64,543) | (59,237) |
| Proceeds from disposal of property, plant and equipment | 199,844 | 375,339 |
| Decrease (increase) in refundable deposits | 59,010 | (18,570) |
| Payments for intangible assets | (17,097) | (13,527) |
| Proceeds from disposal of intangible assets | 4 | - |

(Continued)

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|-----------------------------------------------------------------------------------------------|----------------------|----------------------|
| Increase in other assets | \$ (1,905) | \$ (36) |
| Increase in prepayments for equipment | <u>(1,601,393)</u> | <u>(4,259,080)</u> |
| Net cash generated from (used in) investing activities | <u>1,211,008</u> | <u>(8,375,586)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Decrease) increase in short-term borrowings | (2,420,489) | 1,701,269 |
| Proceeds from long-term borrowings | 6,935,347 | 7,622,767 |
| Repayments of long-term borrowings | (4,785,441) | (6,103,090) |
| (Refund of) proceeds from guarantee deposits received | (1,260) | 14,790 |
| Repayments of the principal portion of lease liabilities | (324,028) | (340,045) |
| Increase in other liabilities | 65,393 | 466,137 |
| Interest paid | (656,707) | (867,406) |
| Increase (decrease) in non-controlling interests | <u>129,712</u> | <u>(522,291)</u> |
| Net cash (used in) generated from financing activities | <u>(1,057,473)</u> | <u>1,972,131</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(1,306,293)</u> | <u>(1,090,655)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 5,401,062 | 138,490 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>17,202,387</u> | <u>17,063,897</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 22,603,449</u> | <u>\$ 17,202,387</u> |

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

TPK HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

TPK Holding Co., Ltd. (the “Company”) was incorporated as a limited company under the provisions of the Company Law of the Cayman Islands on November 21, 2005.

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the business of developing, manufacturing and selling touch modules, touch display and indium tin oxide (ITO) glass-related products.

The Company’s shares have been listed on the Taiwan Stock Exchange since October 29, 2010.

The functional currency of the Company is the U.S. dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies:

Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

| New IFRSs | Effective Date Announced by IASB |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9” Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2” | Effective immediately upon promulgation by the IASB January 1, 2021 |
| <ul style="list-style-type: none"> Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2” <p>“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.</p> <p><u>Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform</u></p> <p>The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.</p> | |

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a significant impact on the Group’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| “Annual Improvements to IFRS Standards 2018-2020” | January 1, 2022 (Note 2) |
| Amendments to IFRS 3 “Reference to the Conceptual Framework” | January 1, 2022 (Note 3) |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2023 |
| Amendments to IAS 1 “Disclosure of Accounting Policies” | January 1, 2023 (Note 6) |
| Amendments to IAS 8 “Definition of Accounting Estimates” | January 1, 2023 (Note 7) |
| Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use” | January 1, 2022 (Note 4) |
| Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract” | January 1, 2022 (Note 5) |

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

- Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless an asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of such acquisitions up to the effective dates of disposals, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through other comprehensive income.

See Note 12, Table 7 and Table 8 following the Notes to Consolidated Financial Statements for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

Business combinations involving entities under common control are not accounted for by the acquisition method. In preparing the consolidated financial statements, the balance of the difference between the investment cost generated from the acquisition of the acquiree's interests and the net assets is analyzed and dealt with in the way which was initially performed at the acquisition date.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the reporting period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate. The exchange differences accumulated in equity which resulted from the translation of the assets and liabilities of the entities in the Group into the presentation currency are not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the standard cost and adjusted to approximate the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of that associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of an acquisition over the Group's share of net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in that associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value at its initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases were initially measured at cost, which comprises the initial measurement of lease liabilities. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss

k. Goodwill (recognized as intangible assets)

Goodwill arising from the acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- m. Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only the corresponding of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

- n. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

- 1) Financial assets

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

- a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

- i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any interest earned on such financial assets are recognized in interest income,. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables and other receivables at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 60 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into derivative financial instruments, such as foreign exchange forward contracts, to manage its exposure to foreign currency exchange rate and interest rate risks.

Derivatives are initially recognized at fair value at the date in which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Onerous contracts

Provisions for onerous contracts arise where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

p. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of touch modules, touch display and ITO glass-related products. Sales of touch modules, touch display and ITO glass-related products are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

q. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 10 for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as other income, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

t. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as an employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

u. Employee share options

Equity-settled share-based payment arrangements and employee share options granted to employees are measured at the fair value of the equity instruments at their grant dates.

The fair value at the grant date of employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

For the subsidiaries incorporated in the territory of the Republic of China, according to the Income Tax Law in the Republic of China, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology and expenditures on research, development and personnel training to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income. Where current taxes or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Impairment test for property, plant and equipment

In the process of evaluating impairment of assets, the management is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to specific asset groups while taking into consideration the nature of the industry. Furthermore, any changes in such estimations resulting from changes in economic conditions or the Company's strategy could possibly lead to a material impairment loss in future periods.

For the year ended December 31, 2019, the Group recognized an impairment loss on property, plant and equipment in the amount of \$803,474 thousand (for the year ended December 31, 2020: None).

b. Income taxes

As of December 31, 2020 and 2019, no deferred tax asset has been recognized on the tax loss and deductible temporary differences of \$20,694,255 thousand and \$26,256,268 thousand, respectively, due to the unpredictability of future profit streams. The realizability of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are difference with expected, a material adjustment of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a adjustment takes place.

The details of unused tax losses as of December 31, 2020 and 2019 are described in Note 25.

c. Write-downs of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

The carrying amounts of inventories as of December 31, 2020 and 2019 are disclosed in Note 11.

d. Estimated provisions

Provisions are present obligations arising as a result of past events. Based on the past experience, the Group recognized the estimated expenditures for settling such obligations as provisions. The Group has a variety of provisions, including onerous contracts and warranties. The carrying amounts of provisions as of December 31, 2020 and 2019 are disclosed in Note 20.

6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---------------------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| Cash on hand | \$ 828 | \$ 981 |
| Checking accounts and demand deposits | 8,943,644 | 9,314,053 |
| Cash equivalents | | |
| Time deposits | <u>13,658,977</u> | <u>7,887,353</u> |
| | <u>\$ 22,603,449</u> | <u>\$ 17,202,387</u> |

Interest rates for deposits in the bank at the end of the year were as follows:

| | December 31 | |
|----------|--------------------|-------------|
| | 2020 | 2019 |
| Deposits | 0%-4.18% | 0%-4.18% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---------------------------------------------------------------|---------------------|-------------------|
| | 2020 | 2019 |
| <u>Financial assets at FVTPL - current</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Derivative financial assets (not under hedge accounting) | | |
| Foreign exchange forward contracts | \$ 1,142,450 | \$ 42,309 |
| Foreign exchange option contracts | - | 91,528 |
| Exchange swap contracts | <u>-</u> | <u>16,033</u> |
| | <u>\$ 1,142,450</u> | <u>\$ 149,870</u> |
| <u>Financial assets at FVTPL - non-current</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets - foreign private fund | <u>\$ 377,889</u> | <u>\$ 77,755</u> |
| <u>Financial liabilities at FVTPL - current</u> | | |
| Financial liabilities held for trading | | |
| Derivative financial liabilities (not under hedge accounting) | | |
| Foreign exchange option contracts | \$ 1,173,145 | \$ 57,358 |
| Foreign exchange forward contracts | <u>8,144</u> | <u>123,595</u> |
| | <u>\$ 1,181,289</u> | <u>\$ 180,953</u> |

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|--------------------------|-----------------|------------------------------------|-------------------------------------------|
| <u>December 31, 2020</u> | | | |
| Sell USD/Buy RMB | USD/RMB | January 6, 2021- May 21, 2021 | USD730,000/RMB5,047,783 |
| Sell RMB/Buy USD | RMB/USD | January 7, 2021- March 18, 2021 | RMB654,317/USD100,000 |

December 31, 2019

| | | | |
|------------------|---------|-------------------------------------|-------------------------|
| Sell USD/Buy RMB | USD/RMB | March 27, 2020- December 4, 2020 | USD566,000/RMB3,945,862 |
|------------------|---------|-------------------------------------|-------------------------|

At the end of the year, outstanding foreign exchange option contracts not under hedge accounting were as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|-----------------------------------|-----------------|----------------------|-------------------------------------------|
| <u>December 31, 2020</u> | | | |
| Foreign exchange option portfolio | | | |
| Buy USD call options | RMB/USD | February 3, 2021- | RMB3,071,370/USD430,000 |
| Sell USD put options | RMB/USD | May 19, 2021 | RMB3,070,510/USD430,000 |

December 31, 2019

| | | | |
|-----------------------------------|---------|------------------|-------------------------|
| Foreign exchange option portfolio | | | |
| Buy USD call options | RMB/USD | April 15, 2020- | RMB2,433,075/USD350,000 |
| Sell USD put options | RMB/USD | December 2, 2020 | RMB2,432,375/USD350,000 |

At the end of the year, outstanding exchange swap contract not under hedge accounting were as follows (as of December 31, 2020: None):

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|--------------------------|-----------------|----------------------|-------------------------------------------|
| <u>December 31, 2019</u> | | | |
| Buy USD | RMB/USD | March 25, 2020 | RMB107,672/USD16,000 |

The Group entered into foreign exchange forward contracts, foreign exchange option contracts and exchange swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

The Group invested US\$15,000 thousand in the convertible bonds issued by Light Polymers Holding (HK) Limited in January 2020. The convertible bonds, which could be converted to preference shares, had an interest rate of 8.5% and a maturity period of 6 months, and the principal and interest are payable at maturity. As the bonds have expired and the Group has not yet withdrawn the principal and interest and no other solutions were negotiated; in the third quarter of 2020, the Group recognized a loss of \$44,235 thousand.

Gains and losses on foreign private fund, foreign convertible bonds, foreign exchange forward contract, foreign exchange option contracts and exchange swap contracts for the years ended December 31, 2020 and 2019 were as follows:

| | For the Year Ended December 31 | |
|--------------------------------------------|---------------------------------------|--------------------|
| | 2020 | 2019 |
| Gain on foreign exchange forward contracts | \$ 1,765,616 | \$ 21,638 |
| Loss on foreign exchange option contracts | (1,308,908) | (75,449) |
| Gain on exchange swap contracts | 7,568 | 16,568 |
| Loss on foreign private fund | (6,948) | - |
| Loss on foreign convertible bonds | <u>(44,235)</u> | <u>-</u> |
| | <u>\$ 413,093</u> | <u>\$ (37,243)</u> |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | |
|--------------------------------------------------------------|---------------------|-------------------|
| | 2020 | 2019 |
| <u>Investments in equity instruments at FVTOCI - current</u> | | |
| Domestic unlisted ordinary shares | | |
| Kingyoun Optronics Co., Ltd. Ordinary shares ("KYO") | \$ - | \$ 50,000 |
| Overseas unlisted ordinary shares | | |
| Jin Shun Xin Development (Pingtan) Co., Ltd. ("JSX") | - | 106,325 |
| Overseas listed ordinary shares | | |
| Canoo Inc. | <u>3,930,240</u> | <u>-</u> |
| | <u>\$ 3,930,240</u> | <u>\$ 156,325</u> |

The Group acquired ordinary shares of KYO, JSX and Canoo Inc. for strategic purposes. Therefore, the management elected to designate these investments in equity instruments as at FVTOCI.

In June 2014, the Group acquired 16.57% (6,000 thousand shares) equity shares of KYO for \$150,000 thousand. According to the investment contract, if KYO cannot complete the initial public offering process in 5 years after the Group acquired the equity shares of KYO, the Group will request the original shareholder to buy back equity shares at the originally acquired price in June 2019, December 2019 and June 2020, separately. The original shareholders bought back 6,000 thousand shares of KYO for \$50,000 thousand in June 2019, December 2019 and June 2020, respectively.

Because the industry of JSX is not the core business of the Company, on January 26, 2017, the Company's board of directors resolved to sell its interest in JSX to Ruei-Shin Investment (Pingtan) Co., Ltd. ("Ruei-Shin") in order to concentrate and utilize the Company's limited resources. In March 2017, TPKP sold 91% of its interest in JSX at the price of RMB246,192 thousand, and TPKP's percentage of ownership decreased from 100% to 9%. Since the Group lost control over JSX, any investment retained in JSX was reclassified to financial assets at FVTOCI. According to the agreement, TPKP had sold the remaining 9% of its shares of JSX to Ruei-Shin for RMB24,349 thousand in December 2020. At the end of the year, the Group sold all its shares held in JSX.

In December 2020, the Group indirectly invested in Canoo Holding Ltd. by participating in the private placement of Hennessy Capital Acquisition Corp. IV for a total investment amount of US\$100,000 thousand. After the acquisition, Hennessy Capital Acquisition Corp. IV merged with Canoo Holding Ltd. and changed its name to Canoo Inc. After the merger, the Group owned 4.24% (10,000 thousand shares) of Canoo Inc.'s shares.

9. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|------------------------------------------------------------|---------------------|---------------------|
| | 2020 | 2019 |
| <u>Current</u> | | |
| Financial products | \$ - | \$ 773,304 |
| Restricted bank deposits | 844 | 2,550 |
| Time deposits with original maturity of more than 3 months | <u>2,834,090</u> | <u>7,778,431</u> |
| | <u>\$ 2,834,934</u> | <u>\$ 8,554,285</u> |

Financial products were traded from the bank by subsidiaries. As of December 31, 2019 the relevant product details were as follows (as of December 31, 2020: None):

| | December 31, 2019 |
|---------------------|----------------------------------------|
| Annual return rates | 3.80% |
| Maturity dates | January 10, 2020- February 25, 2020 |

The Group's policy is to invest short-term financial products that have low credit risk. The Group assessed the impact of credit risk to principal and interest of financial products by understanding the final underlying asset of financial products and the value of collateral. After assessment, the credit risk of financial products is low, therefore, there is no allowance for impairment loss recognized on financial products.

The interest rates for time deposits with original maturity of more than 3 months as at the end of the year were as follows:

| | December 31 | |
|---------------|--------------------|----------------|
| | 2020 | 2019 |
| Term deposits | 0.06%-2.00% | 2.47075%-4.18% |

The interest rates for restricted bank deposits as at the end of the year were as follow:

| | December 31 | |
|--------------------------|--------------------|-------------|
| | 2020 | 2019 |
| Restricted bank deposits | 0.30%-1.75% | 0.35%-1.75% |

Restricted bank deposits are mainly in use as guarantees to banks and for payments of tariffs from importing raw materials.

Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

| | December 31 | |
|---------------------------------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| <u>Notes receivable and trade receivables (a)</u> | | |
| At amortized cost | | |
| Notes receivable | \$ - | \$ 69 |
| Trade receivables | <u>9,765,183</u> | <u>8,361,726</u> |
| | 9,765,183 | 8,361,795 |
| Less: Allowance for impairment loss | <u>(2,576)</u> | <u>(1,297)</u> |
| | 9,762,607 | 8,360,498 |
| At FVTOCI | <u>3,001,197</u> | <u>4,533,364</u> |
| | <u>\$ 12,763,804</u> | <u>\$ 12,893,862</u> |
| <u>Other receivables (b)</u> | | |
| At amortized cost | | |
| Tax refund receivable | \$ 399,617 | \$ 333,978 |
| Others | <u>725,535</u> | <u>578,636</u> |
| | 1,125,152 | 912,614 |
| Less: Allowance for impairment loss | <u>(74,808)</u> | <u>(76,175)</u> |
| | 1,050,344 | 836,439 |
| At FVTOCI | <u>1,174,419</u> | <u>3,491,695</u> |
| | <u>\$ 2,224,763</u> | <u>\$ 4,328,134</u> |

a. Trade receivables

1) At amortized cost

The average credit period on sales of goods is 45 to 105 days after the end of the month in which sales occur. No interest was charged on trade receivables.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

| | Not Past Due and Up to 60 Days | 61 to 90 Days | 91 to 180 Days | Over 180 Days | Total |
|-------------------------------|-----------------------------------------------|----------------------|-----------------------|----------------------|----------------------|
| Gross carrying amount | \$ 12,761,571 | \$ 2,672 | \$ 240 | \$ 1,897 | \$ 12,766,380 |
| Loss allowance (Lifetime ECL) | <u>-</u> | <u>(535)</u> | <u>(144)</u> | <u>(1,897)</u> | <u>(2,576)</u> |
| Amortized cost | <u>\$ 12,761,571</u> | <u>\$ 2,137</u> | <u>\$ 96</u> | <u>\$ -</u> | <u>\$ 12,763,804</u> |

December 31, 2019

| | Not Past Due and Up to 60 Days | 61 to 90 Days | 91 to 180 Days | Over 180 Days | Total |
|-------------------------------|-----------------------------------------------|----------------------|-----------------------|----------------------|----------------------|
| Gross carrying amount | \$ 12,884,784 | \$ 4,587 | \$ 7 | \$ 5,712 | \$ 12,895,090 |
| Loss allowance (Lifetime ECL) | <u>-</u> | <u>(463)</u> | <u>-</u> | <u>(834)</u> | <u>(1,297)</u> |
| Amortized cost | <u>\$ 12,884,784</u> | <u>\$ 4,124</u> | <u>\$ 7</u> | <u>\$ 4,878</u> | <u>\$ 12,893,793</u> |

The movements of the loss allowance of trade receivables were as follows:

| | For the Year Ended December 31 | |
|------------------------------------------|---------------------------------------|-----------------|
| | 2020 | 2019 |
| Balance at January 1 | \$ 1,297 | \$ 824 |
| Add: Amounts received | 620 | - |
| Add: Net remeasurement of loss allowance | 868 | 477 |
| Less: Amounts written off | (175) | - |
| Foreign exchange gains and losses | <u>(34)</u> | <u>(4)</u> |
| Balance at December 31 | <u>\$ 2,576</u> | <u>\$ 1,297</u> |

2) At FVTOCI

For some trade receivables, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

b. Other receivables

As of December 31, 2020 and 2019, the Group's other receivables mainly consists of factored but unused receivables, tax refund receivable and receivable from equipment sold. Apart from tax refund receivable and receivable from equipment sold, the aging of the remaining receivables is less than 60 days (based on the invoice date).

1) At amortized cost

The Group assessed an allowance for impairment loss on other receivables by reference to the recoverability of receivables. After evaluating the operations and recoverability of the receivables from debtors, the Group recognized an allowance for impairment loss of 100% against the other receivables.

The movements of the loss allowance of other receivables were as follows:

| | For the Year Ended December 31 | |
|-------------------------------------------|---------------------------------------|------------------|
| | 2020 | 2019 |
| Balance at January 1 | \$ 76,175 | \$ 83,327 |
| Add: Amounts recovered | 9,293 | - |
| Less: Net remeasurement of loss allowance | (8,350) | (6,314) |
| Foreign exchange gains and losses | <u>(2,310)</u> | <u>(838)</u> |
| Balance at December 31 | <u>\$ 74,808</u> | <u>\$ 76,175</u> |

2) At FVTOCI

For some other receivables, the Group will decide whether to sell these other receivables to banks without recourse based on its level of working capital. These other receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

11. INVENTORIES

| | December 31 | |
|------------------|---------------------|---------------------|
| | 2020 | 2019 |
| Finished goods | \$ 4,072,696 | \$ 4,015,899 |
| Work in progress | 713,185 | 852,870 |
| Raw materials | <u>3,639,366</u> | <u>3,333,535</u> |
| | <u>\$ 8,425,247</u> | <u>\$ 8,202,304</u> |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$109,717,613 thousand and \$131,866,816 thousand, respectively.

The accounts listed below were included in cost of goods sold:

| | For the Year Ended December 31 | |
|-------------------------------------------------|---------------------------------------|---------------------|
| | 2020 | 2019 |
| Recognition (reversal) of inventory write-downs | \$ 29,501 | \$ (297,742) |
| Provision for loss on purchase commitments | 10,338 | 264 |
| Loss on inventory scraps | <u>24,769</u> | <u>159,827</u> |
| | <u>\$ 64,608</u> | <u>\$ (137,651)</u> |

The cost of goods sold for the year ended December 31, 2020 included inventory write-downs of \$29,501 thousand. For the year ended December 31, 2019, the cost of goods sold included reversals of inventory write-downs of \$297,742 thousand.

Because of the characteristics of the industry, the product life cycle is short. Therefore, there is an accrued allowance for losses on inventory with aging of over 360 days.

Due to the characteristics of the industry and market fluctuations, certain raw materials are no longer usable. For the years ended December 31, 2020 and 2019, the Group evaluated and recognized a loss on purchase commitments in the amount of \$10,338 thousand and \$264 thousand, respectively. As of December 31, 2020 and 2019, the Group estimated and recognized short-term provisions for purchase commitments (Note 20) in the amounts of \$14,709 thousand and \$9,117 thousand, respectively.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | Remark |
|--------------------------------|---------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------|--------|------------|
| | | | 2020 | 2019 | |
| TPK Holding Co., Ltd. ("TPKH") | TPK Technology International Inc. ("TTI") | International trade | - | 100.00 | 14) |
| | Improve Idea Investments Ltd. ("Improve") | Holding company | 100.00 | 100.00 | |
| | Optera TPK Holding Pte. Ltd. ("OTH") | Holding company | 100.00 | 100.00 | |
| | Upper Year Holdings Limited ("UYH") | Holding company | 100.00 | 100.00 | 6) |
| | Ray-Star Universal Solutions Limited ("RUSL") | Holding company | 100.00 | 100.00 | |
| | Amplifi Technologies Inc. (AMPH) | Holding company; research and development, manufacturing and sale of resin products | 57.69 | - | 10) |
| Improve TPKA | TPK Asia Pacific Sdn. Bhd. ("TPKA") | Holding company | 100.00 | 100.00 | 5) |
| | TPK Touch Solutions Inc. ("TPKT") | Touch related material sales and machinery manufacture, wholesale and retail | 100.00 | 100.00 | |
| UYH | TPK Touch Solutions (Xiamen) Inc. ("TPKC") | Touch related material sales and machinery manufacture, wholesale and retail | 73.84 | 73.84 | 1) and 16) |
| | TPK Lens Solutions Inc. ("TPKL") | Optical glass processing and sales | - | 100.00 | 9) |
| | TPK Touch Systems (Xiamen) Inc. ("TPKS") | Touch modules research, development, manufacture and sales | 100.00 | 100.00 | |
| | Ray-Star Optical Solutions (Xiamen) Inc. ("RSO") | Optical glass processing and sales | - | 63.85 | 9) |
| OTH | TPK America, LLC ("TPKU") | International trade | 100.00 | 100.00 | |
| | TPK Touch Solutions (Xiamen) Inc. ("TPKC") | Touch related material sales and machinery manufacture, wholesale and retail | 10.27 | 10.27 | 1) and 16) |
| RUSL | TPK Universal Solutions Limited ("TPK HK") | Touch module related product research; holding company and international trade | 100.00 | 100.00 | 11) |
| TPK HK | TPK Glass Solutions (Xiamen) Inc. ("TPKG") | Optical glass processing and sales | 100.00 | 100.00 | |
| | TPK Film Solutions Limited ("TPKF HK") | Holding company | 100.00 | 100.00 | 15) |
| | TPK MasTouch Solutions (Xiamen) Inc. ("MTOH") | Touch modules research, development, manufacture and sales | 100.00 | 100.00 | 4) |
| | TPK Touch Solutions (Pingtan) Inc. ("TPKP") | Touch modules research, development, manufacture and sales | 100.00 | 100.00 | 4) |
| | TPK Material Solutions Inc. ("TPKM") | Touch related electronic materials manufacture | 100.00 | 100.00 | 17) |
| | TPK Advanced Solutions Inc. ("TPKD") | Touch modules research, development, manufacture and sales | 49.90 | 49.90 | 8) |
| | TPK Touch Solutions (Xiamen) Inc. ("TPKC") | Touch related material sales and machinery manufacture, wholesale and retail | 15.89 | 15.89 | 1) and 16) |
| | Xiamen Jan Jia Optoelectronics Co., Ltd. ("TPKJ") | Protective film and optical adhesive manufacture and sales | 51.00 | 51.00 | 7) |
| | TPK Material Solutions (Xiamen) Inc. ("TPKMT") | Touch related electronic materials manufacture | 100.00 | 100.00 | 3) |
| | | | | | |

(Continued)

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | Remark |
|-------------|---------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------|--------|-------------|
| | | | 2020 | 2019 | |
| TPKT | TPK Film Solutions (Xiamen) Inc. ("TPKF") | Touch modules and resin products research, development, manufacture and sales | 43.27 | - | 15) and 16) |
| | Ray-Star System Solutions Limited ("RSSL") | Holding company | - | 100.00 | 2) |
| TPKC | Ray-Star Optical Solutions (Xiamen) Inc. ("RSO") | Optical glass processing and sales | - | 36.15 | 9) |
| | TPK Advanced Solutions Inc. ("TPKD") | Touch modules research, development, manufacture and sales | 50.10 | 50.10 | 8) |
| | Xiamen Jan Jia Optoelectronics Co., Ltd. ("TPKJ") | Protective film and optical adhesive manufacture and sales | 49.00 | 49.00 | 7) |
| | TPK Film Solutions (Xiamen) Inc. ("TPKF") | Touch modules and resin products research, development, manufacture and sales | 56.73 | - | 15) and 16) |
| TPKF HK | TPK Film Solutions (Xiamen) Inc. ("TPKF") | Touch modules research, development, manufacture and sales | - | 100.00 | 15) and 16) |
| TPKG | Trend Trading (Xiamen) Inc. ("TPKMS") | Trade | 100.00 | 100.00 | 12) |
| TPKJ | Jan Jia Trading Company Limited ("TPKJ HK") | International trading | 100.00 | 100.00 | |
| AMPH | Amplifi Tech Hong Kong Co., Limited (AMP HK) | Holding company and international trading | 100.00 | - | 10) and 13) |
| (Concluded) | | | | | |

Remark:

- 1) On November 12, 2019, the Company's board of directors resolved TPKC to increase capital an amount of US\$50,000 thousand from retained earnings, and after issuance, the capital of TPKC increased from US\$304,067 thousand to US\$354,067 thousand. The amendment on registration for capital increase was completed on December 6, 2019.
- 2) The Company resolved to dissolve and liquidate RSSL in order to simplify its organizational structure, and the process of liquidation was completed in January 2020.
- 3) In response to the demand for electronic materials, on October 9, 2018, the Company's board of directors resolved to set up TPK Material Solutions (Xiamen) Inc. ("TPKMT") with a capital of US\$10,000 thousand from TPK HK, and a capital of US\$10,000 thousand was invested in TPKMT in 2019.
- 4) On November 8, 2018, the Company's board of directors resolved to increase the capital of TPKP and MTOH from TPK HK in order to improve the financial structure of TPKP and MTOH. In January 2019, TPK HK invested in TPKP and MTOH with an amount of US\$68,852 thousand and US\$3 thousand, respectively.
- 5) The Company resolved to dissolve and liquidate TPKA in order to simplify its organizational structure. As of March 11, 2021, the process of dissolution and liquidation was not completed.
- 6) The Company resolved to annul the registration of UYH Hong Kong Branch in order to simplify its organizational structure, and the process of cancellation was completed in December 2019.
- 7) TPKC acquired the remaining 49% ownership of TPKJ from external shareholders in the amount of RMB114,000 thousand in June 2019. After the acquisition, the total percentage of ownership in TPKJ held by the Group was increased from 51% to 100%. Refer to Note 28 for more information.

- 8) On August 13, 2019, the Company's board of directors resolved to increase the capital of TPKD with amounts of US\$50,000 thousand from retained earnings, and after issuance, the capital of TPKD increased from US\$127,931 thousand to US\$177,931 thousand. The amendment on registration for capital increase was completed on August 28, 2019.
- 9) The Company resolved to dissolve and liquidate TPKL and RSO in order to simplify its organizational structure, and the process of liquidation was completed in March 2020.
- 10) For operational needs, the Company's board of directors resolved to set up AMPH in Cayman Islands as a holding company, which was set up on December 19, 2019 and received a capital investment of US\$400 thousand and US\$5,600 thousand in February and April 2020, respectively. AMPH set up AMP HK as its subsidiary in Hong Kong on April 7, 2020, and invested in AMP HK in amounts of US\$10 thousand and US\$990 thousand in June and September 2020, respectively. In addition, AMPH set up a branch in Taiwan, and invested \$10,000 thousand, \$168,000 thousand, and \$42,000 thousand in February 2020, April 2020 and January 2021, respectively.

For the acquisition of external innovation technologies and expansion of its business, the Company's board of directors resolved to increase the capital of AMPH by issuing shares in the amount of US\$44,000 thousand, which was fully subscribed by external investors, and the share issuance was completed in August 2020. After the issuance, the capital of AMPH increased to US\$10,400 thousand, and the total percentage of ownership of the Company in AMPH decreased from 100% to 57.69%. Refer to Note 28 for more information.

- 11) TPK HK had set up a Japanese branch to expand its vehicle business in May 2020.
- 12) TPKMS changed its name to Trend Trading (Xiamen) Inc. for business needs.
- 13) For operational needs, AMP HK set up its subsidiary Amplifi Tech (Xiamen) Limited on December 15, 2020 with a registered capital of US\$1,000 thousand, and invested in the amount of US\$500 thousand in February 2021.
- 14) The Company resolved to dissolve and liquidate TTI in order to simplify its organizational structure, and the process of liquidation was completed in November 4, 2020.
- 15) The Company's board of directors resolved to ask TPK HK to acquire 100% of TPKF's shares from TPKF HK in order to simplify its organizational structure, and the acquisition process was completed on September 25, 2020. The Company resolved to dissolve and liquidate TPKF HK. As of March 11, 2021, the dissolution and liquidation procedures were not completed.
- 16) The Company's board of directors resolved to increase the capital of TPKF of US\$23,210 thousand by conversion of debt due to TPKC in order to integrate resources and decrease operating costs. After the issuance of shares, the capital of TPKF increased from US\$17,700 thousand to US\$40,910 thousand. The amendment on registration for the capital increase was completed on September 25, 2020. In addition, TPKC intends to issue shares to TPK HK to exchange the shares of TPKF which are held by TPK HK; and after the exchange, TPKC will merge with TPKF and become the surviving company. After the merger, the percentages of shares of TPKC held by UYH, OTH, and TPK HK are 70.33%, 9.78% and 19.89%, respectively.
- 17) The Company resolved to dissolve and liquidate TPKM in order to simplify its organizational structure. As of March 11, 2021, the process of dissolution and liquidation was not completed.

b. Details of subsidiaries with material non-controlling interests

After TPKC acquired the remaining 49% ownership of TPKJ from external shareholders, TPKJ is not a subsidiary with material non-controlling interests. For the year ended December 31, 2019, profit allocated to non-controlling interests was \$93,857 thousand.

The summarized financial information below represents amounts before intragroup eliminations.

| | For the Year Ended December 31, 2019 |
|------------------------------------------------|---------------------------------------------------------|
| Operating revenue | <u>\$ 1,843,442</u> |
| Net profit for the year | \$ 191,546 |
| Other comprehensive income (loss) for the year | <u>21,227</u> |
| Total comprehensive income for the year | <u>\$ 212,773</u> |
| Net profit attributable to: | |
| Owners of the Company | \$ 97,689 |
| Non-controlling interests of TPKJ | <u>93,857</u> |
| | <u>\$ 191,546</u> |
| Total comprehensive income attributable to: | |
| Owners of the Company | \$ 108,514 |
| Non-controlling interests of TPKJ | <u>104,259</u> |
| | <u>\$ 212,773</u> |
| Net cash flows from: | |
| Operating activities | \$ 245,811 |
| Investing activities | (72,259) |
| Financing activities | (214,320) |
| Translation adjustments | <u>6,137</u> |
| Net cash outflows | <u>\$ (34,631)</u> |

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Material Associates

| Name of Associate | Nature of Activities | Principal Place of Business | Proportion of Ownership and Voting Rights | |
|----------------------------------------|--------------------------------------------------------|--------------------------------|-------------------------------------------------|--------|
| | | | December 31 2020 | 2019 |
| Unlisted shares | | | | |
| TPK Cando Solutions, Inc. ("Cando") | Touch modules research, development and manufacture | Taiwan | 19.78% | 19.78% |

The Group is able to exercise significant influence over Cando. As such, the investment and the related profit and loss from the investment are accounted for using the equity method.

Cando, a company with unlisted shares which the Group accounts for using the equity method. Due to the fact that Cando's assets were not sufficient enough to offset its liabilities, Cando declared bankruptcy on July 21, 2016, and the court announced its bankruptcy on January 17, 2018. After an assessment, the Group determined that the future recoverable amount for its investment in Cando was zero. As a result, the impairment loss of \$283,252 thousand was recognized at the end of the calendar year 2015. As of December 31, 2020 and 2019, the carrying amounts of the investment in Cando were zero.

14. PROPERTY, PLANT AND EQUIPMENT

| | December 31 | |
|-----------------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| Carrying amount for each category | | |
| Buildings | \$ 13,157,676 | \$ 14,739,351 |
| Machinery and equipment | 5,676,023 | 9,332,414 |
| Transportation and others | 1,009,877 | 1,213,142 |
| Property in construction | <u>153,734</u> | <u>132,683</u> |
| | <u>\$ 19,997,310</u> | <u>\$ 25,417,590</u> |

| | For the Year Ended December 31, 2020 | | | | |
|--------------------------------------------------|---------------------------------------------|--------------------------------|----------------------------------|---------------------------------|----------------------|
| | Buildings | Machinery and Equipment | Transportation and Others | Property in Construction | Total |
| <u>Cost</u> | | | | | |
| Balance, beginning of year | \$ 25,691,858 | \$ 57,878,040 | \$ 6,918,211 | \$ 132,683 | \$ 90,620,792 |
| Additions | - | - | - | 64,543 | 64,543 |
| Disposals | - | (8,591,588) | (564,666) | - | (9,156,254) |
| Reclassification | 202,916 | 1,048,030 | 213,527 | (35,748) | 1,428,725 |
| Effects of foreign currency exchange differences | <u>(1,289,021)</u> | <u>(2,577,326)</u> | <u>(305,637)</u> | <u>(7,744)</u> | <u>(4,179,728)</u> |
| Balance, end of year | <u>24,605,753</u> | <u>47,757,156</u> | <u>6,261,435</u> | <u>153,734</u> | <u>78,778,078</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Balance, beginning of year | 8,027,186 | 38,455,195 | 5,665,739 | - | 52,148,120 |
| Depreciation expenses | 1,023,383 | 4,312,316 | 372,955 | - | 5,708,654 |
| Disposals | - | (6,970,205) | (559,608) | - | (7,529,813) |
| Reclassification | 59,217 | 33 | (33) | - | 59,217 |
| Effects of foreign currency exchange differences | <u>(440,798)</u> | <u>(1,809,339)</u> | <u>(261,094)</u> | <u>-</u> | <u>(2,511,231)</u> |
| Balance, end of year | <u>8,668,988</u> | <u>33,988,000</u> | <u>5,217,959</u> | <u>-</u> | <u>47,874,947</u> |
| <u>Accumulated impairment losses</u> | | | | | |
| Balance, beginning of year | 2,925,321 | 10,090,431 | 39,330 | - | 13,055,082 |
| Disposals | - | (1,552,118) | (4,188) | - | (1,556,306) |
| Reclassification | 137 | - | - | - | 137 |
| Effects of foreign currency exchange differences | <u>(146,369)</u> | <u>(445,180)</u> | <u>(1,543)</u> | <u>-</u> | <u>(593,092)</u> |
| Balance, end of year | <u>2,779,089</u> | <u>8,093,133</u> | <u>33,599</u> | <u>-</u> | <u>10,905,821</u> |
| Carrying amount, end of year | <u>\$ 13,157,676</u> | <u>\$ 5,676,023</u> | <u>\$ 1,009,877</u> | <u>\$ 153,734</u> | <u>\$ 19,997,310</u> |

| | For the Year Ended December 31, 2019 | | | | |
|--------------------------------------------------|--------------------------------------|-------------------------|---------------------------|--------------------------|----------------------|
| | Buildings | Machinery and Equipment | Transportation and Others | Property in Construction | Total |
| <u>Cost</u> | | | | | |
| Balance, beginning of year | \$ 26,488,843 | \$ 63,777,053 | \$ 8,360,049 | \$ 213,051 | \$ 98,838,996 |
| Additions | - | - | - | 59,237 | 59,237 |
| Disposals | (2,828) | (5,618,193) | (1,910,162) | - | (7,531,183) |
| Reclassification | (164,297) | 1,110,118 | 621,607 | (136,870) | 1,430,558 |
| Effects of foreign currency exchange differences | (629,860) | (1,390,938) | (153,283) | (2,735) | (2,176,816) |
| Balance, end of year | <u>25,691,858</u> | <u>57,878,040</u> | <u>6,918,211</u> | <u>132,683</u> | <u>90,620,792</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Balance, beginning of year | 7,229,202 | 36,612,627 | 6,943,141 | - | 50,784,970 |
| Depreciation expenses | 1,071,478 | 5,926,075 | 435,485 | - | 7,433,038 |
| Disposals | (1,485) | (3,118,382) | (1,587,938) | - | (4,707,805) |
| Reclassification | (67,932) | (1,524) | 951 | - | (68,505) |
| Effects of foreign currency exchange differences | (204,077) | (963,601) | (125,900) | - | (1,293,578) |
| Balance, end of year | <u>8,027,186</u> | <u>38,455,195</u> | <u>5,665,739</u> | <u>-</u> | <u>52,148,120</u> |
| <u>Accumulated impairment losses</u> | | | | | |
| Balance, beginning of year | 3,001,952 | 11,479,655 | 334,814 | - | 14,816,421 |
| Impairment losses | - | 803,474 | - | - | 803,474 |
| Disposals | - | (1,964,207) | (296,628) | - | (2,260,835) |
| Reclassification | (4,946) | - | - | - | (4,946) |
| Effects of foreign currency exchange differences | (71,685) | (228,491) | 1,144 | - | (299,032) |
| Balance, end of year | <u>2,925,321</u> | <u>10,090,431</u> | <u>39,330</u> | <u>-</u> | <u>13,055,082</u> |
| Carrying amount, end of year | <u>\$ 14,739,351</u> | <u>\$ 9,332,414</u> | <u>\$ 1,213,142</u> | <u>\$ 132,683</u> | <u>\$ 25,417,590</u> |

Operating leases relate to leases of machinery and other equipment with lease terms for 1 year to Cambrios Film Solutions (Xiamen) Corp. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods. The lease contract ended on October 31, 2020.

The future minimum lease payments of non-cancellable operating lease are as follows (as of December 31, 2020: None):

| | December 31, 2019 |
|--------|----------------------|
| Year 1 | <u>\$ 8,928</u> |

Part of the equipment for manufacturing purposes could no longer be used due to an alteration in the manufacturing process; such equipment was provided with an allowance for impairment loss. The impairment loss shall be reserved subsequently if the idled equipment is used again after the alteration in the manufacturing process.

The impairment losses recognized by the Group were as follows (for the year ended December 31, 2020: None):

| | For the Year Ended December 31, 2019 |
|--------------------|-----------------------------------------------|
| Operating costs | \$ 803,068 |
| Operating expenses | <u>406</u> |
| | <u>\$ 803,474</u> |

The Group's buildings mainly consist of factories and the construction of clean rooms, which are depreciated over an estimated useful life ranging from 1 to 20 years.

Otherwise, the property, plant and equipment listed above are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---------------------------|------------|
| Building | 1-20 years |
| Machinery and equipment | 1-10 years |
| Transportation and others | 1-10 years |

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|-------------------------------------------------------------------------------|---------------------------------------|---------------------|
| | 2020 | 2019 |
| <u>Carrying amounts</u> | | |
| Land | \$ 891,167 | \$ 962,245 |
| Buildings | 2,798,661 | 1,872,899 |
| Machinery | 203,096 | - |
| Transportation equipment | <u>10,131</u> | <u>14,846</u> |
| | <u>\$ 3,903,055</u> | <u>\$ 2,849,990</u> |
| | For the Year Ended December 31 | |
| | 2020 | 2019 |
| Additions to right-of-use assets | <u>\$ 1,738,084</u> | <u>\$ 770,767</u> |
| Depreciation charge for right-of-use assets | | |
| Land | \$ 23,985 | \$ 25,041 |
| Buildings | 381,356 | 328,623 |
| Machinery | 17,391 | - |
| Transportation equipment | <u>7,410</u> | <u>8,709</u> |
| | <u>\$ 430,142</u> | <u>\$ 362,373</u> |
| Income from the subleasing of right-of-use assets (presented in other income) | <u>\$ (5,532)</u> | <u>\$ (3,660)</u> |

The Group has been subleasing its leasehold plant space located in Xiamen and Zhongli to Cambrios Film Solutions (Xiamen) Corporation, Cambrios Film Solutions Corporation Taiwan Branch since June 2020 and 2018 under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 16). The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

| | December 31 | |
|-------------------------|--------------------|--------------|
| | 2020 | 2019 |
| <u>Carrying amounts</u> | | |
| Current | \$ 556,388 | \$ 296,282 |
| Non-current | \$ 2,987,243 | \$ 1,648,609 |

Range of discount rate for lease liabilities was as follows:

| | December 31 | |
|--------------------------|--------------------|-----------------|
| | 2020 | 2019 |
| Buildings | 1.9535%-4.8293% | 1.7128%-4.8293% |
| Machinery | 1.4472% | - |
| Transportation equipment | 2.3650%-3.6388% | 2.3580%-2.3650% |

c. Material lease-in activities and terms

The Group leases certain official vehicles and machinery for operational use and the manufacturing of products with lease terms of 2 to 4 years. These arrangements do not contain renewal or purchase options.

The Group leases certain land and buildings for the use of plants and offices with lease terms of 1 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

Because of the market conditions severely affected by COVID-19 in 2020, the Group negotiated with the lessor for rent concessions for parts of building lease. The lessor agreed to provide unconditionally whole rent reductions from March 1 to May 31, 2020 for the lease of the factory, and provide unconditionally 10% rent reductions from March 1 to May 31, 2020 for the lease of the office. The Group recognized in profit for the impact of rent concessions of \$31,238 thousand (presented in other income) for the year ended December 31, 2020.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

| | For the Year Ended December 31 | |
|----------------------------------------|---------------------------------------|--------------|
| | 2020 | 2019 |
| Expenses relating to short-term leases | \$ 7,512 | \$ 5,431 |
| Total cash outflow for leases | \$ (331,540) | \$ (345,476) |

The Group's leases of certain official vehicles and buildings qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms end on or before December 31, 2019 and for which the recognition exemption is applied. Just before the balance sheet date, the Group also entered into several lease arrangements that qualified as short-term leases. The amount of lease commitments for short-term leases for which the recognition exemption is applied (including lease commitments for short-term leases with lease terms commencing after the balance sheet dates) was \$3,391 thousand as of December 31, 2019.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

| | December 31 | |
|-------------------|--------------------|---------------------|
| | 2020 | 2019 |
| Lease commitments | <u>\$ 964,829</u> | <u>\$ 3,309,375</u> |

16. INVESTMENT PROPERTIES

| | December 31 | |
|---------------------|--------------------|-------------------|
| | 2020 | 2019 |
| Buildings | \$ 156,432 | \$ 292,423 |
| Right-of-use assets | <u>95,532</u> | <u>34,176</u> |
| | <u>\$ 251,964</u> | <u>\$ 326,599</u> |

| | Buildings | Right-of-use Assets | Total |
|--------------------------------------------------|-------------------|----------------------------|-------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2020 | \$ 407,079 | \$ 37,704 | \$ 444,783 |
| Reclassification | (172,691) | 71,050 | (101,641) |
| Effects of foreign currency exchange differences | <u>(13,736)</u> | <u>(4,130)</u> | <u>(17,866)</u> |
| Balance at December 31, 2020 | <u>\$ 220,652</u> | <u>\$ 104,624</u> | <u>\$ 325,276</u> |
| <u>Accumulated depreciation</u> | | | |
| Balance at January 1, 2020 | \$ 109,861 | \$ 3,528 | \$ 113,389 |
| Depreciation Expense | 12,930 | 5,676 | 18,606 |
| Reclassification | (59,217) | - | (59,217) |
| Effects of foreign currency exchange differences | <u>(3,777)</u> | <u>(112)</u> | <u>(3,889)</u> |
| Balance at December 31, 2020 | <u>\$ 59,797</u> | <u>\$ 9,092</u> | <u>\$ 68,889</u> |
| <u>Accumulated impairment</u> | | | |
| Balance at January 1, 2020 | \$ 4,795 | \$ - | \$ 4,795 |
| Reclassification | (137) | - | (137) |
| Effects of foreign currency exchange differences | <u>(235)</u> | <u>-</u> | <u>(235)</u> |
| Balance at December 31, 2020 | <u>\$ 4,423</u> | <u>\$ -</u> | <u>\$ 4,423</u> |
| Carrying amounts at December 31, 2020 | <u>\$ 156,432</u> | <u>\$ 95,532</u> | <u>\$ 251,964</u> |

(Continued)

| | Buildings | Right-of-use Assets | Total |
|--------------------------------------------------|-------------------|--------------------------------|-------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2019 | \$ 152,904 | \$ - | \$ 152,904 |
| Adjustments on initial application of IFRS 16 | - | 38,374 | 38,374 |
| Balance at January 1, 2019 (restated) | 152,904 | 38,374 | 191,278 |
| Reclassification | 265,929 | - | 265,929 |
| Effects of foreign currency exchange differences | (11,754) | (670) | (12,424) |
| Balance at December 31, 2019 | <u>\$ 407,079</u> | <u>\$ 37,704</u> | <u>\$ 444,783</u> |
| <u>Accumulated depreciation</u> | | | |
| Balance at January 1, 2019 | \$ 31,623 | \$ - | \$ 31,623 |
| Depreciation Expense | 12,971 | 3,552 | 16,523 |
| Reclassification | 68,505 | - | 68,505 |
| Effects of foreign currency exchange differences | (3,238) | (24) | (3,262) |
| Balance at December 31, 2019 | <u>\$ 109,861</u> | <u>\$ 3,528</u> | <u>\$ 113,389</u> |
| <u>Accumulated impairment</u> | | | |
| Balance at January 1, 2019 | \$ - | \$ - | \$ - |
| Reclassification | 4,946 | - | 4,946 |
| Effects of foreign currency exchange differences | (151) | - | (151) |
| Balance at December 31, 2019 | <u>\$ 4,795</u> | <u>\$ -</u> | <u>\$ 4,795</u> |
| Carrying amounts at December 31, 2019 | <u>\$ 292,423</u> | <u>\$ 34,176</u> | <u>\$ 326,599</u> |

(Concluded)

In order to activate the land use rights of TPKP, TPKP signed a land development contract with Land Development Corporation of Pingtan Comprehensive Pilot Zone (“Land Development Corporation”) and Fujian Luheng Construction Engineering Company Limited (“Luheng”). TPKP consigned Luheng to build dormitories which was sold to Luheng and Land Development Corporation upon the construction completion. The land development project is about 3 years. TPKP signed a sell agreement and construction contract with Land Development Corporation and Luheng for RMB1,255,000 thousand. As of December 31, 2020, TPKP received an amount of RMB643,549 thousand, and paid Luheng an amount of RMB570,428 thousand for construction cost. The advance payment was classified to current liabilities. The land use rights met the definition of the right-of-use assets of investment properties, which was presented as investment properties.

Right-of-use assets included in investment properties are units of plant space in Xiamen and Zhongli and subleased under operating leases to Cambrios Film Solutions (Xiamen) Corporation and Cambriod Film Solutions Corporation Taiwan Branch.

The investment properties were leased out for 1 to 10 years, with an option to extend for an additional 1 year. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2020 and 2019 was as follows:

| | December 31 | |
|----------------|--------------------|------------------|
| | 2020 | 2019 |
| Year 1 | \$ 31,263 | \$ 17,013 |
| Year 2 | 16,762 | 12,196 |
| Year 3 | 14,350 | 12,196 |
| Year 4 | 13,924 | 12,196 |
| Year 5 | 13,626 | 294 |
| Year 6 onwards | <u>57,623</u> | <u>-</u> |
| | <u>\$ 147,548</u> | <u>\$ 53,895</u> |

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

| | |
|---------------------|-------------|
| Buildings | 10-20 years |
| Right-of-use assets | 4-50 years |

Management was unable to reliably measure the fair value of investment property located at Xiamen, the market is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

Lease commitments (the Group as a lessor) with lease terms commencing after the balance sheet dates are as follows (as of December 31, 2020: None):

| | December 31, 2019 |
|--------------------------------------------|------------------------------|
| Lease commitments of investment properties | <u>\$ 76,311</u> |

17. INTANGIBLE ASSETS

| | December 31 | |
|-------------------|--------------------|------------------|
| | 2020 | 2019 |
| Goodwill | \$ 7,719 | \$ 32,292 |
| Computer software | 31,125 | 28,402 |
| Patents | 26,010 | 35,140 |
| Others | <u>5,314</u> | <u>-</u> |
| | <u>\$ 70,168</u> | <u>\$ 95,834</u> |

| For the Year Ended December 31, 2020 | | | | | | |
|--------------------------------------------------|-----------------|--------------------|-------------------|------------------|-----------------|------------------|
| | Goodwill | Technical Know-how | Computer Software | Patents | Others | Total |
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2020 | \$ 666,878 | \$ 324,989 | \$ 376,385 | \$ 137,880 | \$ 41,898 | \$ 1,548,030 |
| Additions | - | - | 17,097 | - | - | 17,097 |
| Disposals | - | (305,861) | (18,878) | (92,466) | (24,020) | (441,225) |
| Effects of foreign currency exchange differences | (37,751) | (4,894) | (10,044) | (3,269) | 4,140 | (51,818) |
| Balance at December 31, 2020 | <u>629,127</u> | <u>14,234</u> | <u>364,560</u> | <u>42,145</u> | <u>22,018</u> | <u>1,072,084</u> |
| <u>Accumulated amortization</u> | | | | | | |
| Balance at January 1, 2020 | - | 272,149 | 337,929 | 102,732 | 41,897 | 754,707 |
| Amortization expenses | - | - | 13,343 | 7,724 | 471 | 21,538 |
| Disposals | - | (253,660) | (18,379) | (92,466) | (24,020) | (388,525) |
| Effects of foreign currency exchange differences | - | (4,255) | (8,601) | (1,863) | (1,645) | (16,364) |
| Balance at December 31, 2020 | <u>-</u> | <u>14,234</u> | <u>324,292</u> | <u>16,127</u> | <u>16,703</u> | <u>371,356</u> |
| <u>Accumulated impairment losses</u> | | | | | | |
| Balance at January 1, 2020 | 634,586 | 52,840 | 10,054 | 8 | 1 | 697,489 |
| Impairment loss recognized | 18,572 | - | - | - | - | 18,572 |
| Disposals | - | (52,201) | (499) | - | - | (52,700) |
| Effects of foreign currency exchange differences | (31,750) | (639) | (412) | - | - | (32,801) |
| Balance at December 31, 2020 | <u>621,408</u> | <u>-</u> | <u>9,143</u> | <u>8</u> | <u>1</u> | <u>630,560</u> |
| Carrying amounts at December 31, 2020 | <u>\$ 7,719</u> | <u>\$ -</u> | <u>\$ 31,125</u> | <u>\$ 26,010</u> | <u>\$ 5,314</u> | <u>\$ 70,168</u> |
| For the Year Ended December 31, 2019 | | | | | | |
| | Goodwill | Technical Know-how | Computer Software | Patents | Others | Total |
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2019 | \$ 682,772 | \$ 331,740 | \$ 372,011 | \$ 141,014 | \$ 42,925 | \$ 1,570,462 |
| Additions | - | - | 13,274 | 253 | - | 13,527 |
| Disposals | - | - | (3,645) | - | - | (3,645) |
| Effects of foreign currency exchange differences | (15,894) | (6,751) | (5,255) | (3,387) | (1,027) | (32,314) |
| Balance at December 31, 2019 | <u>666,878</u> | <u>324,989</u> | <u>376,385</u> | <u>137,880</u> | <u>41,898</u> | <u>1,548,030</u> |
| <u>Accumulated amortization</u> | | | | | | |
| Balance at January 1, 2019 | - | 277,605 | 327,074 | 97,078 | 42,924 | 744,681 |
| Amortization expenses | - | - | 18,842 | 8,226 | 492 | 27,560 |
| Disposals | - | - | (3,642) | - | - | (3,642) |
| Effects of foreign currency exchange differences | - | (5,456) | (4,345) | (2,572) | (1,519) | (13,892) |
| Balance at December 31, 2019 | <u>-</u> | <u>272,149</u> | <u>337,929</u> | <u>102,732</u> | <u>41,897</u> | <u>754,707</u> |

(Continued)

| | For the Year Ended December 31, 2019 | | | | | |
|--------------------------------------------------|--------------------------------------|--------------------|-------------------|------------------|-------------|------------------|
| | Goodwill | Technical Know-how | Computer Software | Patents | Others | Total |
| Accumulated impairment losses | | | | | | |
| Balance at January 1, 2019 | \$ 650,144 | \$ 54,135 | \$ 10,268 | \$ 8 | \$ 1 | \$ 714,556 |
| Disposals | - | - | (3) | - | - | (3) |
| Effects of foreign currency exchange differences | (15,558) | (1,295) | (211) | - | - | (17,064) |
| Balance at December 31, 2019 | <u>634,586</u> | <u>52,840</u> | <u>10,054</u> | <u>8</u> | <u>1</u> | <u>697,489</u> |
| Carrying amounts at December 31, 2019 | <u>\$ 32,292</u> | <u>\$ -</u> | <u>\$ 28,402</u> | <u>\$ 35,140</u> | <u>\$ -</u> | <u>\$ 95,834</u> |

(Concluded)

The intangible assets listed above are amortized on a straight-line basis over the estimated useful life of the related asset as follows:

| | |
|-------------------------|------------|
| Technical know-how | 4 years |
| Computer software | 1-6 years |
| Patents | 4-19 years |
| Other intangible assets | 3-10 years |

| | For the Year Ended December 31 | |
|-----------------------------------------|--------------------------------|------------------|
| | 2020 | 2019 |
| An analysis of amortization by function | | |
| Operating costs | \$ 609 | \$ 1,013 |
| Selling and marketing expenses | 471 | 505 |
| General and administrative expenses | 11,717 | 21,188 |
| Research and development expenses | <u>8,741</u> | <u>4,854</u> |
| | <u>\$ 21,538</u> | <u>\$ 27,560</u> |

18. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|-----------------------------|---------------------|---------------------|
| | 2020 | 2019 |
| <u>Unsecured borrowings</u> | | |
| Bank loans | <u>\$ 3,400,323</u> | <u>\$ 6,492,737</u> |

As of December 31, 2020 and 2019, the range of weighted average effective interest rates on bank loans was 0.8449%-3.50%, and 2.30%-4.85% per annum, respectively.

b. Long-term borrowings

| | December 31 | |
|-----------------------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| <u>Secured borrowings</u> | | |
| Others | \$ - | \$ 303,866 |
| <u>Unsecured borrowings</u> | | |
| Bank loans | <u>14,917,872</u> | <u>12,872,979</u> |
| | 14,917,872 | 13,176,845 |
| Less: Current portion (due in one year) | <u>(3,351,097)</u> | <u>(2,606,330)</u> |
| Long-term borrowings | <u>\$ 11,566,775</u> | <u>\$ 10,570,515</u> |

As of December 31, 2020 and 2019, the long-term borrowings were collateralized by machinery and equipment (see Note 33) and were guaranteed by related parties (see Note 32). As of December 31, 2020 and 2019, the range of weighted average effective interest rates of bank borrowings were 1.3545%-4.0375% and 2.92%-4.75% per annum. The Group will repay all loans in the next 3 years.

For repayment of borrowings and replenishment of mid-term working capital, the Company's board of directors resolved to apply for joint credit line. The Company signed a 3-year syndicated loan which amounted to US\$163,000 thousand (approximately NT\$4,881,850 thousand) with 10 financial institutions including Mega Bank in May 2018, and the loan was fully utilized in June 2018. Additionally, the Company promised the lender on the condition of maintaining these financial ratios for the existence of the loan agreement. For repayment of borrowings and replenishment of mid-term working capital, the Company's board of directors resolved to apply for a joint credit line on March 11, 2021, which amounted to US\$100,000 thousand. The joint credit line can be adjusted between US\$80,000 thousand and US\$120,000 thousand.

19. OTHER LIABILITIES

| | December 31 | |
|------------------------------------|---------------------|---------------------|
| | 2020 | 2019 |
| Other payables | | |
| Payables for purchase of equipment | <u>\$ 941,126</u> | <u>\$ 1,004,691</u> |
| Other payables - others | | |
| Payable for salaries and bonuses | \$ 1,356,744 | \$ 1,021,516 |
| Payable for repairs | 241,215 | 184,373 |
| Payable for unused paid leaves | 151,224 | 149,081 |
| Payable for supplies | 124,571 | 118,541 |
| Others | <u>855,293</u> | <u>842,463</u> |
| | <u>\$ 2,729,047</u> | <u>\$ 2,315,974</u> |

20. PROVISIONS

| | | December 31 | |
|-------------------------------------------------|---------------------|--------------------------|---------------------|
| | | 2020 | 2019 |
| <u>Current</u> | | | |
| Warranties (a) | | \$ 1,915,276 | \$ 2,094,172 |
| Onerous contracts (b) | | <u>14,709</u> | <u>9,117</u> |
| | | <u>\$ 1,929,985</u> | <u>\$ 2,103,289</u> |
| | | | |
| | Warranties | Onerous Contracts | Total |
| Balance, January 1, 2020 | \$ 2,094,172 | \$ 9,117 | \$ 2,103,289 |
| Additions | 400,455 | 10,338 | 410,793 |
| Usage | (479,453) | (4,317) | (483,770) |
| Effect of foreign currency exchange differences | <u>(99,898)</u> | <u>(429)</u> | <u>(100,327)</u> |
| Balance, December 31, 2020 | <u>\$ 1,915,276</u> | <u>\$ 14,709</u> | <u>\$ 1,929,985</u> |
| | | | |
| Balance, January 1, 2019 | \$ 1,735,680 | \$ 14,247 | \$ 1,749,927 |
| Additions | 1,129,544 | 264 | 1,129,808 |
| Usage | (716,321) | (5,303) | (721,624) |
| Effect of foreign currency exchange differences | <u>(54,731)</u> | <u>(91)</u> | <u>(54,822)</u> |
| Balance, December 31, 2019 | \$ 2,094,172 | \$ 9,117 | \$ 2,103,289 |

- a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.
- b. The provision for onerous contracts represents the loss that the Group was presently obligated to make under non-cancellable onerous purchase contracts where the purchased materials and supplies cannot be used for other products. The estimate may vary as a result of changes in future products.

21. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

TPKT and TPK HK Taiwan branch adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Company's subsidiaries in China are members of retirement benefit plans operated by their respective governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Company with respect to the retirement benefit plans is to make the specified contributions.

The Company's subsidiaries in the USA are required to contribute to the retirement benefit schemes according to the respective policies.

b. Defined benefit plans

The defined benefit plans adopted by TPKT and TPK HK Taiwan Branch, in accordance with the Labor Standards Law, are operated by the Government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. TPKT contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

| | December 31 | |
|---------------------------------------------|--------------------|-----------------|
| | 2020 | 2019 |
| Present value of defined benefit obligation | \$ 17,784 | \$ 17,942 |
| Fair value of plan assets | <u>(12,600)</u> | <u>(11,638)</u> |
| Net defined benefit liability | <u>\$ 5,184</u> | <u>\$ 6,304</u> |

Movements in the net defined benefit liabilities were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability |
|-----------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|----------------------------------------------|
| Balance at January 1, 2019 | <u>\$ 22,516</u> | <u>\$ (10,646)</u> | <u>\$ 11,870</u> |
| Service cost | | | |
| Net interest expense (income) | <u>304</u> | <u>(148)</u> | <u>156</u> |
| Recognized in profit or loss | <u>304</u> | <u>(148)</u> | <u>156</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | <u>-</u> | <u>(323)</u> | <u>(323)</u> |
| Actuarial gain - experience adjustments | <u>(4,878)</u> | <u>-</u> | <u>(4,878)</u> |
| Recognized in other comprehensive income | <u>(4,878)</u> | <u>(323)</u> | <u>(5,201)</u> |
| Contributions from the employer | <u>-</u> | <u>(521)</u> | <u>(521)</u> |
| Balance at December 31, 2019 | <u>17,942</u> | <u>(11,638)</u> | <u>6,304</u> |
| Service cost | | | |
| Net interest expense (income) | <u>198</u> | <u>(131)</u> | <u>67</u> |
| Recognized in profit or loss | <u>198</u> | <u>(131)</u> | <u>67</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | <u>-</u> | <u>(331)</u> | <u>(331)</u> |
| Actuarial gain - experience adjustments | <u>(356)</u> | <u>-</u> | <u>(356)</u> |
| Recognized in other comprehensive income | <u>(356)</u> | <u>(331)</u> | <u>(687)</u> |
| Contributions from the employer | <u>-</u> | <u>(500)</u> | <u>(500)</u> |
| Balance at December 31, 2020 | <u>\$ 17,784</u> | <u>\$ (12,600)</u> | <u>\$ 5,184</u> |

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in both domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31 | |
|----------------------------------|--------------------|-------------|
| | 2020 | 2019 |
| Discount rate | 0.75% | 1.10% |
| Expected rate of salary increase | 3.00% | 3.00% |

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

| | December 31 | |
|----------------------------------|--------------------|-------------|
| | 2020 | 2019 |
| Discount rate | | |
| 0.25% increase | \$ (470) | \$ (631) |
| 0.25% decrease | \$ 489 | \$ 659 |
| Expected rate of salary increase | | |
| 1% increase | \$ 2,016 | \$ 2,742 |
| 1% decrease | \$ (1,759) | \$ (2,359) |

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31 | |
|------------------------------------------------------|--------------------|-------------|
| | 2020 | 2019 |
| Expected contributions to the plan for the next year | \$ 500 | \$ 521 |
| Average duration of the defined benefit obligation | 14 years | 15 years |

22. EQUITY

| | December 31 | |
|---------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| Share capital | | |
| Ordinary shares | \$ 4,066,638 | \$ 4,066,638 |
| Capital surplus | 28,165,226 | 28,162,570 |
| Retained earnings | 3,591,068 | 2,559,058 |
| Other equity items | 856,899 | 1,380,444 |
| Non-controlling interests | <u>125,650</u> | <u>-</u> |
| | <u>\$ 36,805,481</u> | <u>\$ 36,168,710</u> |

a. Share capital

1) Ordinary shares

| | December 31 | |
|-------------------------------------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| Numbers of shares authorized (in thousands) | <u>600,000</u> | <u>600,000</u> |
| Shares authorized | <u>\$ 6,000,000</u> | <u>\$ 6,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>406,664</u> | <u>406,664</u> |
| Shares issued | \$ 4,066,638 | \$ 4,066,638 |
| Additional paid-in capital | <u>24,836,079</u> | <u>24,836,079</u> |
| | <u>\$ 28,902,717</u> | <u>\$ 28,902,717</u> |

Each holder of fully paid ordinary shares with a face value of \$10 has the right to dividends and to vote.

2) Global depositary receipts

The issuance of the GDRs was completed on October 1, 2012, April 8, 2015, and September 8, 2017, respectively. The GDRs were traded and listed on the Luxembourg Stock Exchange where 17,600 thousand, 20,000 thousand and 59,820 thousand (with 180 thousand units of ordinary shares reserved for employee subscription) units of GDRs were issued at a price of US\$13.42, US\$6.68, and US\$3.95 which were less the issuance cost per unit, respectively. The GDRs were issued in the total amount of US\$231,734 thousand, US\$131,405 thousand, and US\$233,721 thousand (including ordinary shares for employee subscription), respectively. One GDR unit represents one of the Company's ordinary shares.

As of December 31, 2020, a total of 2 thousand units of GDRs corresponding to 2 thousand ordinary shares were outstanding.

b. Capital surplus

| | December 31 | |
|------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u> | | |
| Recognized on issuance of ordinary shares | \$ 24,257,305 | \$ 24,257,305 |
| Recognized on redemption of convertible bonds | 2,089,848 | 2,089,848 |
| Treasury share transactions | <u>54,820</u> | <u>54,820</u> |
| | <u>26,401,973</u> | <u>26,401,973</u> |
| <u>May only be used to offset a deficit</u> | | |
| Expired on employee share options | 1,181,823 | 937,750 |
| Employee recognized on issuance of ordinary shares | 578,774 | 578,774 |
| Changes in ownership interests in subsidiaries (2) | <u>2,656</u> | <u>-</u> |
| | <u>1,763,253</u> | <u>1,516,524</u> |
| <u>May not be used for any purpose</u> | | |
| Recognized on employee share options | <u>-</u> | <u>244,073</u> |
| | <u>\$ 28,165,226</u> | <u>\$ 28,162,570</u> |

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions.

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation (the "Articles"), the Company may distribute its profits in accordance with the proposals made by the Company's board of directors for a distribution plan and approved in the annual shareholders' meeting. While distributing any profit, the profit shall be first utilized for offsetting losses of previous years, and 10% of the remaining profit shall be set aside as a legal reserve until the accumulated legal reserve equals the Company's paid-in capital. Secondly, the Company shall appropriate the remaining profit to a special reserve in accordance with the Applicable Public Company Rules or as requested by the competent authorities. Any remaining profit together with any undistributed retained earnings may be distributed as dividends (including cash dividends and share dividends) or bonuses under the Company Law of the Cayman Islands and Applicable Public Company Rules after taking into consideration the financial, business and operational factors. The total amount to be distributed as dividends shall be no less than 10 % of the remaining profit, where the total amount of the distributed cash dividends shall be greater than 10 % of the total dividends. However, if dividends per share is less than NT\$1 in any given year, the aforementioned 10% threshold shall not apply. The Company may decide to distribute cash dividends or share dividends in whole or in part at its sole discretion. If the Company's distribute earnings for the current year are less than 10% of the paid-in capital of the Company at the end of the fiscal year, the Company may decide not to pay any dividend (including cash dividends or stock dividends) for the current year. Refer to Note 24(f) for more information related to the Articles of association for distribution policy of employees' compensation and remuneration of directors.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company. Distribution can be made out of any subsequent reversal of the debit to other equity items.

The appropriation of earnings for 2018 were resolved by the annual shareholders’ meeting on May 16, 2019 except for legal reserve of US\$697 thousand, there was no appropriations of earnings.

The appropriation of earnings for 2019 were resolved by the annual shareholders’ meeting on June 10, 2020 except for legal reserve of US\$636 thousand, there was no appropriations of earnings.

The appropriation of earnings for 2020 were resolved by the board of directors on March 11, 2021. The appropriation and dividends per share were as follows:

| | Appropriation of Earnings | |
|---------------------------------|-----------------------------------------|-------------------------------------------|
| | (In Thousands of US Dollars) | (In Thousands of N.T. Dollars) |
| Legal reserve | \$ 3,481 | \$ 98,815 |
| Cash dividend | \$ 14,324 | \$ 406,664 |
| Cash dividends per share (NT\$) | | \$ 1 |

The appropriations of earnings for 2020 in U.S. dollars were translated into NTD based on the average closing exchange rate of US\$1 to NT\$28.39 on January 29, 2021. The actual amount in U.S. dollars will be calculated at the average closing exchange rate of the day immediately preceding the shareholders’ meeting. The appropriation of earnings for 2020 is subject to resolution of the shareholders’ meeting to be held on June 8, 2021.

d. Other equity items

Exchange differences on translating of foreign operations

| | For the Year Ended December 31 | |
|---------------------------------------------------------------------------------------|---------------------------------------|---------------------|
| | 2020 | 2019 |
| Balance at January 1 | \$ 1,380,444 | \$ 2,265,358 |
| Recognized for the year | | |
| Exchange differences on translating the financial statements of foreign operations | 250,096 | 14,456 |
| Exchange differences on translating to presentation currency | <u>(1,856,831)</u> | <u>(899,370)</u> |
| Balance at December 31 | \$ <u>(226,291)</u> | \$ <u>1,380,444</u> |

Unrealized valuation gain on financial assets at FVTOCI (for the year ended December 31, 2019: None)

| | For the Year Ended December 31, 2020 |
|--------------------------------------|---------------------------------------------------------|
| Balance at January 1 | \$ - |
| Recognized for the year | |
| Unrealized gain - equity instruments | <u>1,083,190</u> |
| Balance at December 31 | <u>\$ 1,083,190</u> |
| e. Non-controlling interests | |

| | For the Year Ended December 31 | |
|--------------------------------------------------------------------------------------------|---------------------------------------|------------------|
| | 2020 | 2019 |
| Balance at January 1 | \$ - | \$ 350,107 |
| Share in profit for the year | 3,050 | 93,857 |
| Other comprehensive income during the year | | |
| Exchange differences on translating the financial statements of foreign operations | (215) | (1,524) |
| Exchange differences on translating to presentation currency | (4,241) | 11,926 |
| Change in ownership interest in AMPH (see Note 28) | 127,056 | - |
| Non-controlling interests arising from acquisition of subsidiaries - TPKJ (see Note 28) | <u>-</u> | <u>(454,366)</u> |
| Balance at December 31 | <u>\$ 125,650</u> | <u>\$ -</u> |

23. REVENUE

| | For the Year Ended December 31 | |
|--------------------------------|---------------------------------------|-----------------------|
| | 2020 | 2019 |
| Revenue from the sale of goods | \$ 113,799,232 | \$ 135,578,794 |
| Others | <u>783,967</u> | <u>1,027,901</u> |
| | <u>\$ 114,583,199</u> | <u>\$ 136,606,695</u> |

The Group's revenue from the sale of touch modules, touch display and ITO glass-related products. Refer to Note 39 for the details of revenue.

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operation:

a. Interest income

| | For the Year Ended December 31 | |
|---------------------------------------------------------|---------------------------------------|-------------------|
| | 2020 | 2019 |
| Bank deposits | \$ 756,031 | \$ 598,894 |
| Financial assets at amortized cost - financing products | 9,992 | 77,597 |
| Others | <u>9,965</u> | <u>6,012</u> |
| | <u>\$ 775,988</u> | <u>\$ 682,503</u> |

b. Other income

| | For the Year Ended December 31 | |
|------------------------------------------------|---------------------------------------|-------------------|
| | 2020 | 2019 |
| Rental income | | |
| Rental income from operating lease | | |
| Investment properties (see Notes 15,16 and 32) | \$ 29,023 | \$ 38,859 |
| Others | <u>27,859</u> | <u>21,180</u> |
| | 56,882 | 60,039 |
| Others | <u>163,801</u> | <u>158,928</u> |
| | <u>\$ 220,683</u> | <u>\$ 218,967</u> |

c. Finance costs

| | For the Year Ended December 31 | |
|-----------------------------------------------------------------------------|---------------------------------------|-------------------|
| | 2020 | 2019 |
| Interest on bank loans | \$ 631,439 | \$ 839,688 |
| Interest on lease liabilities | <u>123,531</u> | <u>79,005</u> |
| Total interest expense for financial liabilities measured at amortized cost | <u>\$ 754,970</u> | <u>\$ 918,693</u> |

d. Depreciation and amortization

| | For the Year Ended December 31 | |
|-------------------------------|---------------------------------------|---------------------|
| | 2020 | 2019 |
| Property, plant and equipment | \$ 5,708,654 | \$ 7,433,038 |
| Right-of-use assets | 430,142 | 362,373 |
| Investment properties | 18,606 | 16,523 |
| Intangible assets | <u>21,538</u> | <u>27,560</u> |
| | <u>\$ 6,178,940</u> | <u>\$ 7,839,494</u> |

e. Employee benefits expense

| | For the Year Ended December 31 | |
|------------------------------------------------------|---------------------------------------|---------------------|
| | 2020 | 2019 |
| Post-employment benefits (see Note 21) | | |
| Defined contribution plans | \$ 233,225 | \$ 335,739 |
| Defined benefit plans | <u>67</u> | <u>156</u> |
| | 233,292 | 335,895 |
| Share-based payments (see Note 27) | | |
| Equity - settled | - | 15,864 |
| Other employee benefits | <u>8,689,757</u> | <u>9,620,631</u> |
| Total employee benefits expense | <u>\$ 8,923,049</u> | <u>\$ 9,972,390</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 6,520,857 | \$ 7,563,908 |
| Operating expenses | <u>2,402,192</u> | <u>2,408,482</u> |
| | <u>\$ 8,923,049</u> | <u>\$ 9,972,390</u> |

f. Employees' compensation and remuneration of directors

In accordance with the amendments to the Company Act announced in May 2015, and the annual shareholders' meeting resolved to the amendment in the Articles on May 29, 2018, the Company accrued employees' compensation at rates of no less than 0.1% and remuneration of directors at rates of no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. If the Company has losses of previous years, net profit before income tax should be retained for offsetting the amount of those losses.

The employees' compensation and the remuneration of directors and supervisors for the year ended December 31, 2020, and the employees' compensation for the year ended December 31, 2019, which were approved by the Company's board of directors on March 11, 2021 and February 21, 2020, respectively, were as follows:

Accrual rate

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2020 | 2019 |
| Employees' compensation | 1.00% | 1.55% |
| Remuneration of directors | 0.91% | - |

Amount

| | For the Year Ended December 31 | | | |
|---------------------------|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 2020 | | 2019 | |
| | In Thousands of U.S. Dollars | In Thousands of N.T. Dollars | In Thousands of U.S. Dollars | In Thousands of N.T. Dollars |
| Employees' compensation | \$ 355 | \$ 10,516 | \$ 100 | \$ 3,138 |
| Remuneration of directors | 324 | 9,592 | - | - |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX RELATED TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

| | For the Year Ended December 31 | |
|-------------------------------------------------|---------------------------------------|-------------------|
| | 2020 | 2019 |
| Current tax | | |
| In respect of the current year | \$ 230,587 | \$ 437,919 |
| Adjustments for prior years | <u>(15,493)</u> | <u>200,514</u> |
| | <u>215,094</u> | <u>638,433</u> |
| Deferred tax | | |
| In respect of the current year | 703,269 | (159,569) |
| Adjustments for prior years | (127,742) | (4,474) |
| Translation adjustments | <u>(13,725)</u> | <u>2,973</u> |
| | <u>561,802</u> | <u>(161,070)</u> |
| Income tax expense recognized in profit or loss | <u>\$ 776,896</u> | <u>\$ 477,363</u> |

A reconciliation of accounting profit and income tax expense was as follows:

| | For the Year Ended December 31 | |
|--------------------------------------------------------------|---------------------------------------|-------------------|
| | 2020 | 2019 |
| Profit before tax from continuing operations | <u>\$ 1,811,269</u> | <u>\$ 780,102</u> |
| Income tax expense calculated at the statutory rate | \$ 518,994 | \$ 420,928 |
| Permanent differences | (40,861) | 266,708 |
| Deferred tax effect of earnings of subsidiaries | 165,520 | 65,739 |
| Additional income tax under the Alternative Minimum Tax Act | - | 25 |
| Unrecognized deductible temporary differences | (188,026) | (399,480) |
| Unrecognized loss carryforwards | 478,226 | (89,494) |
| Exchange differences on translating to presentation currency | (13,725) | 2,973 |
| Effect of tax rate changes | - | (4,474) |
| Adjustments for prior years' tax | (143,235) | 200,514 |
| Others | <u>3</u> | <u>13,924</u> |
| Income tax expense recognized in profit or loss | <u>\$ 776,896</u> | <u>\$ 477,363</u> |

The applicable tax rates used by subsidiaries to calculate deferred tax were as follows:

| | December 31 | |
|-------------------------------------------------------------------------------------|--------------------|-------------|
| | 2020 | 2019 |
| TPKT, TPK HK (Taiwan Branch), and AMP (Taiwan Branch) | 20% | 20% |
| TPKC, TPKL, TPKS, RSO, TPKJ, TPKG, TPKF, TPKP, TPKD, TPKMS, MTOH, TPKM and TPKMT | 15%-25% | 15%-25% |
| TPK HK and TPKJ HK | 16.5% | 16.5% |
| TPKA | 12.5% | 12.5% |
| OTH and UYH | 10%; 30% | 10%; 30% |
| TPKU | 36% | 36% |

b. Current tax assets and liabilities

| | December 31 | |
|-------------------------|--------------------|------------------|
| | 2020 | 2019 |
| Current tax assets | | |
| Tax refund receivable | <u>\$ 10,603</u> | <u>\$ 51,368</u> |
| Current tax liabilities | | |
| Income tax payable | <u>\$ 31,846</u> | <u>\$ 60,427</u> |

c. Deferred tax assets and liabilities

| | December 31 | |
|-----------------------------------------|---------------------|---------------------|
| | 2020 | 2019 |
| Deferred tax assets | | |
| Unrealized compensation costs | \$ - | \$ 86,387 |
| Loss carryforwards | 360,914 | 395,383 |
| Unrealized warranty expenses | 396,122 | 505,132 |
| Unrealized losses on inventories | 80,093 | 67,865 |
| Unrealized impairment losses | 580,591 | 992,075 |
| Others | <u>486,320</u> | <u>375,310</u> |
| | <u>\$ 1,904,040</u> | <u>\$ 2,422,152</u> |
| Deferred tax liabilities | | |
| Unappropriated earnings of subsidiaries | \$ 2,786,418 | \$ 2,765,629 |
| Unrealized foreign exchange gains | 12 | 14,657 |
| Others | <u>9,899</u> | <u>-</u> |
| | <u>\$ 2,796,329</u> | <u>\$ 2,780,286</u> |

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

| | December 31 | |
|----------------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| Loss carryforwards | | |
| Expire in 5 years | \$ 16,605,341 | \$ 20,377,551 |
| Expire in 6-10 years | 772,937 | 253,318 |
| More than 10 years | <u>52,291</u> | <u>28,993</u> |
| | <u>\$ 17,430,569</u> | <u>\$ 20,659,862</u> |
| Deductible temporary differences | | |
| Unrealized impairment losses | \$ 3,015,587 | \$ 4,559,185 |
| Others | <u>248,099</u> | <u>1,037,221</u> |
| | <u>\$ 3,263,686</u> | <u>\$ 5,596,406</u> |

- e. Information about unused loss carryforwards

Loss carryforwards of subsidiaries as of December 31, 2020 were comprised of:

| Year of Loss | Unused Amount | Creditable Amount | Expiry Year |
|---------------------|----------------------|--------------------------|-------------------------------------|
| 2010 | \$ 1,092 | \$ 97 | 2030 |
| 2011 | 24,749 | 2,188 | 2031 |
| 2012 | 8,634 | 763 | 2032 |
| 2016 | 6,112,155 | 1,389,445 | 2021 and 2026 |
| 2017 | 3,522,454 | 755,386 | 2022 and 2027 |
| 2018 | 3,114,694 | 645,214 | 2023, 2028, 2038 and no expiry year |
| 2019 | 2,894,647 | 598,470 | 2024, 2039 and no expiry year |
| 2020 | <u>3,196,819</u> | <u>657,669</u> | 2025 and 2030 |
| | <u>\$ 18,875,244</u> | <u>\$ 4,049,232</u> | |

- f. Income tax assessment

The income tax returns though 2018 of TPKT and TPK HK Taiwan Branch have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

| | For the Year Ended December 31 | |
|--------------------------------------------------------------------------|---------------------------------------|-------------------|
| | 2020 | 2019 |
| Earnings used in the computation of basic and diluted earnings per share | <u>\$ 1,031,323</u> | <u>\$ 208,882</u> |

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

| | For the Year Ended December 31 | |
|--------------------------------------------------------------------------------------------------|---------------------------------------|----------------|
| | 2020 | 2019 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 406,664 | 406,664 |
| Effect of potentially dilutive ordinary shares: | | |
| Employees' compensation or bonuses issued to employees | <u>227</u> | <u>53</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>406,891</u> | <u>406,717</u> |

If the Group offers to settle the compensation or bonuses paid to employees in cash or shares, the Group will assume that the entire amount of the compensation or bonuses to be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Since the exercise price of the options issued by the Company exceeded the average market price of the shares during the years ended December 31, 2019, they are anti-dilutive and excluded from the computation of diluted earnings per share.

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plans

In May 2010, June 2012, April 2014, December 2014 and November 2015, 9,000 units, 2,808 units, 6,000 units, 6,300 units and 10,000 units of options were respectively granted to qualified employees of the Company and its subsidiaries. Each unit of options entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted in 2010, 2012, 2014 and 2015 are valid for 10 years, 7 years, 5 years and 5 years, respectively, and are exercisable at certain percentages after the second anniversary from the grant date. For any subsequent changes in the Company's capital surplus (via share dividend distributions and capital reductions other than by the cancellation of treasury shares), the exercise price shall be adjusted accordingly.

Information on employee share options was as follows:

| | For the Year Ended December 31 | | | |
|----------------------------------|---------------------------------------|-----------------------------------------------|-------------------------|-----------------------------------------------|
| | 2020 | | 2019 | |
| Employee Share Options | Units of Options | Weighted-average Exercise Price (NT\$) | Units of Options | Weighted-average Exercise Price (NT\$) |
| Balance at January 1 | 6,046 | \$ 99.9 | 12,430 | \$148.6 |
| Options forfeited | (821) | 100.0 | (978) | 104.6 |
| Options expired | <u>(5,225)</u> | 99.9 | <u>(5,406)</u> | 205.5 |
| Balance at December 31 | <u>-</u> | - | <u>6,046</u> | 99.9 |
| Options exercisable, end of year | <u>-</u> | - | <u>6,046</u> | 99.9 |

Information about outstanding options as of December 31, 2019 was as follows (as of December 31, 2020:None):

| December 31, 2019 | | |
|--------------------------|---------------------------------------|------------------------------------------------------------|
| Issue Date | Range of Exercise Price (NT\$) | Weighted-average Remaining Contractual Life (Years) |
| May 1, 2010 | \$ 94.2 | 0.33 |
| November 5, 2015 | 100.0 | 0.85 |

Options granted were priced using the Black-Scholes pricing model and the inputs for the model were as follows:

| | | |
|-------------------------------|---------------|---------------|
| Issue date | November 2015 | May 2010 |
| Grant date share price (NT\$) | \$101 | \$155 |
| Exercise price (NT\$) | \$101 | \$164 |
| Expected volatility | 50.90%-51.78% | 51.65%-52.01% |
| Expected life | 3.5-4.5 years | 6-7 years |
| Expected dividend yield | - | - |
| Risk-free interest rate | 0.68%-0.79% | 1.44%-1.51% |

Expected volatility was based on the historical share price volatility of similar industries.

Compensation costs recognized were \$15,864 thousand for the years ended December 31, 2019 (for the year ended December 31, 2020: None).

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In August 2020, the Group did not subscribe for the new shares of its subsidiary, AMPH, in accordance with its shareholding percentage, causing the percentage of ownership of AMPH to decrease from 100% to 57.69%. The capital surplus of \$2,656 thousand increased due to the equity transaction.

TPKC acquired the remaining 49% of ownership in TPKJ from external shareholders in the amount of RMB114,000 thousand in June 2019. After the acquisition, the total percentage of ownership in TPKJ held by the Group was increased from 51% to 100%. The unappropriated earnings of \$67,925 thousand were reduced since a difference from the equity transaction occurred.

The above transaction was accounted for as an equity transaction since the Group did not cease to have control over the subsidiary.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2020 and 2019:

As of December 31, 2020 and 2019, the Group's payables for the purchase of equipment amounted to \$941,126 and \$1,004,691, respectively.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

| | Opening Balance | Cash Flows | Non-cash Changes | | | | Closing Balance |
|--------------------------------------------------|----------------------|---------------------|---------------------|-------------------------------|-----------------------|---------------------|----------------------|
| | | | New Leases | Amortization of Finance costs | Exchange rate Changes | Others | |
| Short-term borrowings | \$ 6,492,737 | \$ (2,420,489) | \$ - | \$ - | \$ (671,925) | \$ - | \$ 3,400,323 |
| Long-term borrowings (including current portion) | 13,176,845 | 2,149,906 | - | - | (408,879) | - | 14,917,872 |
| Guarantee deposits received | 30,749 | (1,260) | - | - | - | - | 29,489 |
| Lease liabilities | 1,944,891 | (324,028) | 1,738,084 | 123,531 | 65,383 | (4,230) | 3,543,631 |
| Other liabilities | 752,969 | 65,393 | - | - | - | (422,418) | 395,944 |
| | <u>\$ 22,398,191</u> | <u>\$ (530,478)</u> | <u>\$ 1,738,084</u> | <u>\$ 123,531</u> | <u>\$ (1,015,421)</u> | <u>\$ (426,648)</u> | <u>\$ 22,287,259</u> |

For the year ended December 31, 2019

| | Opening Balance | Cash Flows | Non-cash Changes | | | | Closing Balance |
|--------------------------------------------------|----------------------|---------------------|-------------------|-------------------------------|-----------------------|--------------------|----------------------|
| | | | New Leases | Amortization of Finance costs | Exchange rate Changes | Others | |
| Short-term borrowings | \$ 5,208,695 | \$ 1,701,269 | \$ - | \$ - | \$ (417,227) | \$ - | \$ 6,492,737 |
| Long-term borrowings (including current portion) | 12,062,099 | 1,519,677 | - | - | (404,931) | - | 13,176,845 |
| Guarantee deposits received | 15,959 | 14,790 | - | - | - | - | 30,749 |
| Lease liabilities | 1,521,640 | (340,045) | 770,767 | 79,005 | (80,139) | (6,337) | 1,944,891 |
| Other liabilities | 321,168 | 466,137 | - | - | - | (34,336) | 752,969 |
| | <u>\$ 19,129,561</u> | <u>\$ 3,361,828</u> | <u>\$ 770,767</u> | <u>\$ 79,005</u> | <u>\$ (902,297)</u> | <u>\$ (40,673)</u> | <u>\$ 22,398,191</u> |

30. CAPITAL MANAGEMENT

The capital structure of the Group consists of its net debt and equity. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of its debt and equity balance. Key management personnel of the Group review the capital structure periodically. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values, or that their fair values cannot be measured reliably.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|-------------|---------------------|-------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Derivatives financial assets | \$ - | \$ 1,142,450 | \$ - | \$ 1,142,450 |
| Foreign private fund | - | - | 377,889 | 377,889 |
| | <u>\$ -</u> | <u>\$ 1,142,450</u> | <u>\$ 377,889</u> | <u>\$ 1,520,339</u> |

(Continued)

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|---------------------|---------------------|-------------|---------------------|
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Overseas listed | | | | |
| Ordinary shares | \$ 3,930,240 | \$ - | \$ - | \$ 3,930,240 |
| Trade receivables, net | - | 3,001,197 | - | 3,001,197 |
| Other receivables, net | - | 1,174,419 | - | 1,174,419 |
| | <u>\$ 3,930,240</u> | <u>\$ 4,175,616</u> | <u>\$ -</u> | <u>\$ 8,105,856</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | <u>\$ -</u> | <u>\$ 1,181,289</u> | <u>\$ -</u> | <u>\$ 1,181,289</u> |
| | | | | (Concluded) |

December 31, 2019

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|-------------|---------------------|-------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Derivatives financial assets | \$ - | \$ 149,870 | \$ - | \$ 149,870 |
| Foreign private fund | - | - | 77,755 | 77,755 |
| | <u>\$ -</u> | <u>\$ 149,870</u> | <u>\$ 77,755</u> | <u>\$ 227,625</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic unlisted | | | | |
| Ordinary shares | \$ - | \$ - | \$ 50,000 | \$ 50,000 |
| Overseas unlisted | | | | |
| Ordinary shares | - | - | 106,325 | 106,325 |
| | - | - | 156,325 | 156,325 |
| Trade receivables, net | - | 4,533,364 | - | 4,533,364 |
| Other receivables, net | - | 3,491,695 | - | 3,491,695 |
| | <u>\$ -</u> | <u>\$ 8,025,059</u> | <u>\$ 156,325</u> | <u>\$ 8,181,384</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | <u>\$ -</u> | <u>\$ 180,953</u> | <u>\$ -</u> | <u>\$ 180,953</u> |

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

| Financial Assets | Financial Assets at FVTPL | | Financial Assets at FVTOCI | Total |
|--------------------------------------------------|---------------------------|--------------------|----------------------------|-------------------|
| | Other Financial Assets | Hybrid Instruments | Equity Instruments | |
| Balance at January 1, 2020 | \$ 77,755 | \$ - | \$ 156,325 | \$ 234,080 |
| Recognized in profit or loss | (6,948) | (44,235) | - | (51,183) |
| Reclassification | (18,310) | - | - | (18,310) |
| Purchases | 337,887 | 44,970 | - | 382,857 |
| Sales | - | - | (151,094) | (151,094) |
| Effects of foreign currency exchange differences | <u>(12,495)</u> | <u>(735)</u> | <u>(5,231)</u> | <u>(18,461)</u> |
| Balance at December 31, 2020 | <u>\$ 377,889</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 377,889</u> |

For the year ended December 31, 2019

| Financial Assets | Financial Assets at FVTPL | Financial Assets at FVTOCI | Total |
|--------------------------------------------------|---------------------------|----------------------------|-------------------|
| | Other Financial Assets | Equity Instruments | |
| Balance at January 1, 2019 | \$ - | \$ 258,932 | \$ 258,932 |
| Purchases | 77,755 | - | 77,755 |
| Sales | - | (100,000) | (100,000) |
| Effects of foreign currency exchange differences | <u>-</u> | <u>(2,607)</u> | <u>(2,607)</u> |
| Balance at December 31, 2019 | <u>\$ 77,755</u> | <u>\$ 156,325</u> | <u>\$ 234,080</u> |

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair values of the Group's financial assets and liabilities were determined using methods and assumptions as follows:

- The fair values of foreign exchange forward contracts and exchange swap contracts were determined using quoted prices of forward exchange rates and yield rates. Yield rates are estimated at quoted interest rates with the same contract period.
- The fair values of foreign exchange option contracts were determined using spot exchange rate on valuation date, exercise price of options, exchange rate volatility, contract period and quoted prices of risk-free interest rate with the same contract period.
- The fair values of trade receivables and other receivables at FVTOCI were discounted at a rate that reflected the credit risk of various counterparties and estimated future cash flows.

4) Valuation techniques and inputs applied for Level 3 fair value measurement.

The fair values of domestic and overseas unlisted equity investments held by the Group were determined using exercise the price of the put option of the investment contract and the transfer price of the equity interest transfer agreement.

The foreign private equity funds held by the Group were determined using the asset-based approach and were based on the net asset value measured at fair value and the investment agreement.

The fair values of foreign convertible bonds held by the Group were determined using the binomial tree model.

c. Categories of financial instruments

| | December 31 | |
|----------------------------------------------|--------------------|-------------|
| | 2020 | 2019 |
| <u>Financial assets</u> | | |
| Financial assets at FVTPL | | |
| Mandatorily classified as at FVTPL | \$ 1,520,339 | \$ 227,625 |
| Financial assets at amortized cost (1) | 35,851,717 | 34,619,631 |
| Financial assets at FVTOCI | | |
| Equity instruments | 3,930,240 | 156,325 |
| Debt instruments | 4,175,616 | 8,025,059 |
| Refundable deposits | 113,399 | 172,409 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at FVTPL | | |
| Held for trading | 1,181,289 | 180,953 |
| Financial liabilities at amortized costs (2) | 34,562,939 | 39,912,691 |
| Guarantee deposits | 29,489 | 30,749 |

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financing products, notes receivable, trade receivables and other receivables (excluding trade receivables and other receivables at FVTOCI).

2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable, payables for purchase of equipment, payables - others, current portion of long-term borrowings, and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, notes and trade receivable, notes and accounts payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives are governed by the Group's policies approved by the Company's board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use financial derivatives and non-derivative financial instrument, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Significant financial activities of the Group should be reviewed by the Company's board of directors to ensure compliance with the related regulations and internal control rules. During the execution of financial plans, the Group shall comply with the financial operating procedures and overall financial risk management policies.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contract.

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the end of the year were as follows:

| In Thousands of U.S. Dollars | | |
|-------------------------------------|--------------------|-------------|
| | December 31 | |
| | 2020 | 2019 |
| <u>Assets</u> | | |
| RMB | \$ 227,781 | \$ 163,477 |
| NTD | 48,801 | 20,038 |
| JPY | 1,125 | 361 |
| EUR | 99 | 90 |
| <u>Liabilities</u> | | |
| RMB | 387,017 | 297,844 |
| NTD | 9,674 | 8,284 |
| JPY | 2,907 | 4,067 |
| EUR | 1,904 | 1,458 |

Except for the data described above, the Group also disclosed its derivatives exposed to foreign currency risk at the end of the year in Note 7.

b) Analysis of sensitivity for foreign currency risk

The Group was mainly exposed to RMB, NTD, JPY and EUR.

The following table details the Group's sensitivity to a 5% increase and decrease in the US dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rate is 5%. The sensitivity analysis included outstanding foreign currency denominated monetary items and derivatives tools, and adjusted their translation at the end of the year for a 5% change in foreign currency rates.

| | Impact on Profit or Loss If USD Strengthened 5% Against the Relevant Currency For the Year Ended December 31 | |
|-----|---------------------------------------------------------------------------------------------------------------------------------|--------------|
| | 2020 | 2019 |
| RMB | \$ 536,619 | \$ (122,800) |
| NTD | (53,064) | (16,781) |
| JPY | 2,417 | 5,291 |
| EUR | 2,449 | 1,951 |

| | Impact on Profit or Loss If USD Weakened 5% Against the Relevant Currency For the Year Ended December 31 | |
|-----|-----------------------------------------------------------------------------------------------------------------------------|-------------|
| | 2020 | 2019 |
| RMB | \$ (483,413) | \$ 68,042 |
| NTD | 58,649 | 18,547 |
| JPY | (2,671) | (5,848) |
| EUR | (2,707) | (2,157) |

c) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | December 31 | |
|-------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Fair value interest rate risk | | |
| Financial assets | \$ 16,493,911 | \$ 16,441,637 |
| Financial liabilities | 10,706,420 | 10,459,948 |
| Cash flow interest rate risk | | |
| Financial assets | 8,787,302 | 9,280,577 |
| Financial liabilities | 11,155,406 | 11,154,525 |

d) Analysis of sensitivity to interest rate risk

The sensitivity analysis was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the Group's the pre-tax profit for the years ended December 31, 2020 and 2019 would decrease by \$11,841 thousand and decrease by \$9,370 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and its variable-rate bank deposits.

e) Other price risk

Investments in equity instruments of domestic and overseas unlisted ordinary shares are held by the Group for strategic purposes. The fair values of the above-mentioned equity investments are determined using the exercise price of the put option of the investment contract and transfer price of the equity interest transfer agreement, and the level of price risk exposure is not high. The amount of investments in foreign private funds held by the Group is not significant, therefore, the level of price risk exposure is not high.

The Group was exposed to equity price risk through its investments in overseas listed ordinary shares. If equity prices had been 5% higher/lower, post-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by \$196,512 thousand as a result of the changes in the fair value of financial assets at FVTOCI (for the year ended December 31, 2019:None).

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the year, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of using internal and external credit ratings, only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty-limits that are reviewed and approved by the risk management committee semi-annually.

The Group authorized and approved hierarchical credit lines and monitored trade receivables periodically based on the related trade receivables aging, thus reducing bad debts or overdue trade. Then, at the end of the year, the Group would assess line by line its collectable amounts, allowance for impairment loss, and amounts of impairment recognized on trade receivables. Therefore, the management believed that the credit management of the Group fully covered the credit risk.

The Group's concentration of credit risk of 72.26% and 83.90% in total trade receivables as of December 31, 2020 and 2019, respectively, was related to the Group's the five largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities of \$45,027,934 thousand and \$41,072,334 thousand, respectively.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details of the Group's remaining contractual maturities for its short-term and long-term borrowings and lease liabilities. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2020

| | On Demand or Less than 1 Month | 1 to 3 Months | 3 Months to 1 Year | 1 to 5 Years | 5+ Years |
|---------------------------------------------|-----------------------------------------------|----------------------|-------------------------------|----------------------|---------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Variable interest rate borrowings | \$ - | \$ 32,702 | \$ 1,456,702 | \$ 9,666,002 | \$ - |
| Fixed interest rate borrowings | 760,017 | 645,214 | 3,856,784 | 1,900,774 | - |
| Lease liabilities | <u>194,892</u> | <u>33,020</u> | <u>328,476</u> | <u>1,048,363</u> | <u>1,938,880</u> |
| | <u>\$ 954,909</u> | <u>\$ 710,936</u> | <u>\$ 5,641,962</u> | <u>\$ 12,615,139</u> | <u>\$ 1,938,880</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|--------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 556,388</u> | <u>\$1,408,363</u> | <u>\$ 676,130</u> | <u>\$ 677,988</u> | <u>\$ 584,762</u> | <u>\$ -</u> |

December 31, 2019

| | On Demand or Less than 1 Month | 1 to 3 Months | 3 Months to 1 Year | 1 to 5 Years | 5+ Years |
|---------------------------------------------|-----------------------------------------------|----------------------|-------------------------------|----------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Variable interest rate borrowings | \$ - | \$ - | \$ 2,302,464 | \$ 8,852,061 | \$ - |
| Fixed interest rate borrowings | 984,918 | 1,199,200 | 4,612,485 | 1,718,454 | - |
| Lease liabilities | <u>61,518</u> | <u>27,181</u> | <u>207,583</u> | <u>752,254</u> | <u>896,355</u> |
| | <u>\$ 1,046,436</u> | <u>\$ 1,226,381</u> | <u>\$ 7,122,532</u> | <u>\$ 11,322,769</u> | <u>\$ 896,355</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 296,282</u> | <u>\$ 752,254</u> | <u>\$ 463,581</u> | <u>\$ 203,646</u> | <u>\$ 229,128</u> | <u>\$ -</u> |

The following table details the Group's expected maturity for some of its non-derivative financial assets. The table below was drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

December 31, 2020

| | On Demand or Less than 1 Month | 1 to 3 Months | 3 Months to 1 Year | 1 to 5 Years |
|----------------------------------------|-----------------------------------------------|----------------------|-------------------------------|---------------------|
| <u>Non-derivative financial assets</u> | | | | |
| Variable interest rate assets | \$ 8,787,302 | \$ - | \$ - | \$ - |
| Fixed interest rate assets | <u>7,890,811</u> | <u>4,548,970</u> | <u>303,891</u> | <u>3,750,239</u> |
| | <u>\$ 16,678,113</u> | <u>\$ 4,548,970</u> | <u>\$ 303,891</u> | <u>\$ 3,750,239</u> |

December 31, 2019

| | On Demand or Less than 1 Month | 1 to 3 Months | 3 Months to 1 Year | 1 to 5 Years |
|----------------------------------------|-----------------------------------------------|----------------------|-------------------------------|---------------------|
| <u>Non-derivative financial assets</u> | | | | |
| Variable interest rate assets | \$ 9,280,577 | \$ - | \$ - | \$ - |
| Fixed interest rate assets | <u>6,724,550</u> | <u>8,578,385</u> | <u>751,648</u> | <u>387,054</u> |
| | <u>\$ 16,005,127</u> | <u>\$ 8,578,385</u> | <u>\$ 751,648</u> | <u>\$ 387,054</u> |

For non-interest-bearing liabilities recorded as notes and trade payable, payables for purchase of equipment and other payables, the Company has set up the financial risk management policy to secure payment for all the payables prior to the expiry of the credit terms.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2020

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---------------------------------------|-----------------------------------------------|--------------------|-------------------------------|------------------|-----------------|
| <u>Gross settled</u> | | | | | |
| Foreign exchange forward contracts | | | | | |
| Inflows | \$ 2,567,797 | \$ 3,141,012 | \$ - | \$ - | \$ - |
| Outflows | <u>(2,565,419)</u> | <u>(3,135,231)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 2,378</u> | <u>\$ 5,781</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Net settled</u> | | | | | |
| Foreign exchange forward contracts | \$ - | \$ 570,254 | \$ 633,557 | \$ - | \$ - |
| Foreign exchange option contracts | <u>-</u> | <u>(551,616)</u> | <u>(588,608)</u> | <u>-</u> | <u>-</u> |
| | <u>\$ -</u> | <u>\$ 18,638</u> | <u>\$ 44,949</u> | <u>\$ -</u> | <u>\$ -</u> |

December 31, 2019

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---------------------------------------|-----------------------------------------------|-------------------|-------------------------------|------------------|-----------------|
| <u>Net settled</u> | | | | | |
| Foreign exchange forward contracts | \$ - | \$ (15,794) | \$ 4,330 | \$ - | \$ - |
| Foreign exchange option contracts | - | - | 37,796 | - | - |
| Exchange swap contracts | <u>-</u> | <u>16,963</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ -</u> | <u>\$ 1,169</u> | <u>\$ 42,126</u> | <u>\$ -</u> | <u>\$ -</u> |

c) Financing facilities

| | December 31 | |
|-----------------------------------------------------------------------------|----------------------|----------------------|
| | 2020 | 2019 |
| Unsecured bank overdraft facility, reviewed annually and payable on demand: | | |
| Amount used | \$ 24,645,217 | \$ 29,403,150 |
| Amount unused | <u>47,581,617</u> | <u>41,598,834</u> |
| | <u>\$ 72,226,834</u> | <u>\$ 71,001,984</u> |

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

December 31, 2020

| Subsidiary | Counterparties | Currencies | Receivables Factoring Proceeds | Amounts Reclassified to Other Receivables | Advances Received Unused | Advances Received Used | Annual Interest Rates on Advances Received (Used) (%) |
|------------|----------------|------------|--------------------------------|-------------------------------------------|--------------------------|------------------------|-------------------------------------------------------|
| TPK HK | A Bank | US\$ | \$ 193,207 | \$ 41,237 | \$ 41,237 | \$ 151,970 | 2M Libor + 0.48% |
| | | NT\$ | <u>\$ 5,502,531</u> | <u>\$ 1,174,419</u> | <u>\$ 1,174,419</u> | <u>\$ 4,328,112</u> | |

December 31, 2019

| Subsidiary | Counterparties | Currencies | Receivables Factoring Proceeds | Amounts Reclassified to Other Receivables | Advances Received Unused | Advances Received Used | Annual Interest Rates on Advances Received (Used) (%) |
|------------|----------------|------------|--------------------------------|-------------------------------------------|--------------------------|------------------------|-------------------------------------------------------|
| TPK HK | A Bank | US\$ | \$ 342,350 | \$ 116,467 | \$ 116,467 | \$ 225,883 | 2M Libor + 0.48% |
| | | NT\$ | <u>\$ 10,263,660</u> | <u>\$ 3,491,695</u> | <u>\$ 3,491,695</u> | <u>\$ 6,771,965</u> | |

Pursuant to the factoring agreements, losses from sales returns and allowances were borne by the Group, while losses from credit risk shall be borne by the Bank.

f. Offsetting financial assets and financial liabilities

The Group is eligible to present certain financial assets and financial liabilities with financial institutions on a net basis on the balance sheet since the offsetting criteria are met.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheet or that are covered by enforceable master netting arrangements or similar agreements (as of December 31, 2020: None).

December 31, 2019

| Financial Assets | Gross Amounts of Recognized Financial Assets | Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet | Net Amounts of Financial Assets Presented in the Balance Sheet |
|------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Financial assets at amortized cost | <u>\$ 9,693,525</u> | <u>\$ (1,139,240)</u> | <u>\$ 8,554,285</u> |

| | Gross Amounts of Recognized Financial Liabilities | Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet | Net Amounts of Financial Liabilities Presented in the Balance Sheet |
|------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Financial Liabilities | | | |
| Short-term borrowings | <u>\$ 7,631,977</u> | <u>\$ (1,139,240)</u> | <u>\$ 6,492,737</u> |

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party names and categories

| <u>Related Party Name</u> | <u>Related Party Category</u> |
|-----------------------------------------------------------------------|-------------------------------|
| Cando Corporation | Associate |
| Cando (Xiamen) Corporation | Associate |
| TES Touch Embedded Solutions Inc. (Taiwan Branch) | Related party in substance |
| TES Touch Embedded Solutions (Xiamen) Co., Ltd. | Related party in substance |
| BTO Technologies (Xiamen) Ltd. ("BTO") | Related party in substance |
| Vision Optical Technologies (Xiamen) Inc. ("VOT") | Related party in substance |
| Pan Shi (Xiamen) Real Estate Development Inc. | Related party in substance |
| Taiwan Video & Monitor Corp. ("Taiwan VM") | Related party in substance |
| Cambrios Film Solutions Corporation (Taiwan Branch) | Related party in substance |
| Cambrios Film Solutions Corporation ("Cambrios Film") | Related party in substance |
| Cambrios Advanced Materials Corporation | Related party in substance |
| Cambrios Film Solutions Japan Corporation | Related party in substance |
| Shanghai Jiuejie Information Technology Corporation | Related party in substance |
| Liangyi industry and trade (Xiamen) Co., Ltd. | Related party in substance |
| AMPOS Solution Inc. (Taiwan Branch) | Related party in substance |
| Cambrios Film Solutions (Xiamen) Corporation ("Cambrios Film Xiamen") | Related party in substance |
| Cambrios Advanced Materials (Quan Zhou) Corporation | Related party in substance |

b. Sales and other income

| Related Party Category/Name | For the Year Ended December 31 | |
|---------------------------------------------|--------------------------------|-------------------|
| | 2020 | 2019 |
| 1) Operating revenue, net | | |
| Other related parties | <u>\$ 803,881</u> | <u>\$ 807,226</u> |
| 2) Rental income (recorded as other income) | | |
| Other related parties | | |
| Cambrios Film Xiamen | \$ 10,727 | \$ 1,799 |
| Others | <u>4,162</u> | <u>4,414</u> |
| | <u>\$ 14,889</u> | <u>\$ 6,213</u> |
| 3) Other income | | |
| Other related parties | | |
| BTO | \$ 26,026 | \$ 8,908 |
| Others | <u>14,538</u> | <u>3,176</u> |
| | <u>\$ 40,564</u> | <u>\$ 12,084</u> |

Subsidiaries leased factories, offices and equipment to related parties under mutual lease agreements with monthly rental payments.

c. Purchases of goods, costs and expenses

| Related Party Category/Name | For the Year Ended December 31 | |
|-------------------------------|--------------------------------|-------------------|
| | 2020 | 2019 |
| 1) Purchases of goods | | |
| Other related parties | <u>\$ 335,664</u> | <u>\$ 312,516</u> |
| 2) Research expenses | | |
| Other related parties | <u>\$ 5,692</u> | <u>\$ 11,994</u> |
| 3) Material consumption | | |
| Other related parties | <u>\$ 637</u> | <u>\$ 2,937</u> |
| 4) Professional service fees | | |
| Other related parties | | |
| Cambrios Film | \$ 17,741 | \$ 133,557 |
| Others | <u>18,878</u> | <u>8,703</u> |
| | <u>\$ 36,619</u> | <u>\$ 142,260</u> |
| 5) Repairs and other expenses | | |
| Other related parties | <u>\$ 1,512</u> | <u>\$ 1,060</u> |

d. Receivables from (payables to) related parties

| Related Party Category/Name | December 31 | |
|------------------------------------------------------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| 1) Trade receivables - related parties (recorded as trade receivables) | | |
| Associates | \$ - | \$ 4,884 |
| Other related parties | <u>144,356</u> | <u>104,416</u> |
| | <u>\$ 144,356</u> | <u>\$ 109,300</u> |
| 2) Trade payables - related parties (recorded as trade payables) | | |
| Associates | \$ 3,698 | \$ 7,863 |
| Other related parties | <u>52,981</u> | <u>53,523</u> |
| | <u>\$ 56,679</u> | <u>\$ 61,386</u> |

The outstanding payables to related parties are unsecured and will be settled in cash. No guarantees were received for receivables from related parties.

| Related Party Category/Name | December 31 | |
|------------------------------------------------------------------------|------------------|-------------------|
| | 2020 | 2019 |
| 3) Other receivables - related parties (recorded as other receivables) | | |
| Associates | \$ - | \$ 836 |
| Other related parties | <u>11,750</u> | <u>227,563</u> |
| | <u>\$ 11,750</u> | <u>\$ 228,399</u> |

Other receivables are mainly for the sale of equipment as of December 31, 2020 and 2019.

| Related Party Category/Name | December 31 | |
|---------------------------------------------------------------------------------------------------------|------------------|------------------|
| | 2020 | 2019 |
| 4) Payables for purchase of equipment - related parties (recorded as payable for purchase of equipment) | | |
| Associates | <u>\$ -</u> | <u>\$ 5,651</u> |
| 5) Other payables - related parties (recorded as other payables - others) | | |
| Associates | \$ - | \$ 822 |
| Other related parties | <u>24,383</u> | <u>57,637</u> |
| | <u>\$ 24,383</u> | <u>\$ 58,459</u> |

e. Others

| Related Party Category/Name | December 31 | |
|-----------------------------|------------------|------------------|
| | 2020 | 2019 |
| Refundable deposits | | |
| Other related parties | | |
| VOT | \$ 15,261 | \$ 15,036 |
| Others | <u>7,523</u> | <u>7,500</u> |
| | <u>\$ 22,784</u> | <u>\$ 22,536</u> |

Refundable deposits are the security deposits for leasing parts of plants and offices from related parties during the lease period from 2019 to 2021. For the years ended December 31, 2020 and 2019, the interest income on the deposits were both \$4 thousand.

f. Disposals of property, plant and equipment

| Related Party Category/Name | Proceeds For the Year Ended December 31 | |
|-----------------------------|--------------------------------------------|-------------------|
| | 2020 | 2019 |
| Cambrios Film Xiamen | \$ (258,119) | \$ 285,654 |
| Other related parties | <u>-</u> | <u>66</u> |
| | <u>\$ (258,119)</u> | <u>\$ 285,720</u> |

| Related Party Category/Name | Gains on Disposals For the Year Ended December 31 | |
|-----------------------------|------------------------------------------------------|---------------|
| | 2020 | 2019 |
| Cambrios Film Xiamen | \$ - | \$ 100 |
| Other related parties | <u>-</u> | <u>66</u> |
| | <u>\$ -</u> | <u>\$ 166</u> |

The proceeds from disposals in 2020 included the amount of \$8,162 thousand from the sale of equipment to Cambrios Film Xiamen, and the Group canceled the 2019 equipment transaction with Cambrios Film Xiamen in order to adjust the demand, and therefore decreased the proceeds of the disposal by \$266,281 thousand.

g. Lease arrangements - the Group is lessee

| Line Item | Related Party Category/Name | December 31 | |
|------------------------------------|--------------------------------|-------------------|-------------------|
| | | 2020 | 2019 |
| 1) Lease liabilities - current | Other related parties | | |
| | BTO | \$ 70,126 | \$ 70,973 |
| | VOT | 45,396 | 46,103 |
| | Taiwan VM | <u>30,414</u> | <u>29,704</u> |
| | | <u>\$ 145,936</u> | <u>\$ 146,780</u> |
| 2) Lease liabilities - non current | Other related parties | <u>\$ -</u> | <u>\$ 152,021</u> |
| 3) Interest expense | Other related parties | <u>\$ 8,154</u> | <u>\$ 13,937</u> |

The Group leased buildings from other related parties for the use of plant and office spaces. The contents of the contracts were determined by both sides, and the fixed lease payments are paid monthly. The Group reduced the leased area and modified the agreement in August 2019. Therefore, the right-of-use assets and lease liabilities decreased by \$2,405 thousand and \$2,439 thousand, respectively, and gain on lease modification was recognized at the amount of \$34 thousand.

h. Endorsements and guarantees

As of December 31, 2020 and 2019, guarantees for long-term and short-term borrowings provided by related parties were as follows:

| | December 31, 2020 | | |
|--------|--------------------------|-------------|------------------|
| | US\$ | NT\$ | Guarantor |
| TPKD | \$ 33,682 | \$ 959,263 | TPKH |
| TPKD | 33,682 | 959,263 | TPKC |
| TPK HK | 45,930 | 1,308,086 | TPKC |

| | December 31, 2019 | | |
|--------|--------------------------|-------------|------------------|
| | US\$ | NT\$ | Guarantor |
| TPKD | \$ 31,526 | \$ 945,149 | TPKH |
| TPKD | 31,526 | 945,149 | TPKC |
| TPK HK | 14,330 | 429,613 | TPKC |

Other related parties that have substantive related party relationship with the Company and the transaction price and payment terms of related parties are provided in Table 5 following the Notes to Consolidated Financial Statements.

i. Remuneration of key management personnel

For the years ended December 31, 2020 and 2019, the total amounts of the remuneration of directors and other key management personnel were as follows:

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|------------------|
| | 2020 | 2019 |
| Short-term employee benefits | \$ 76,966 | \$ 67,322 |
| Post-employment benefits | 927 | 1,057 |
| Share-based payments | <u>-</u> | <u>4,191</u> |
| | <u>\$ 77,893</u> | <u>\$ 72,570</u> |

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for borrowings from banks and leasing companies, and bank guarantee:

| | December 31 | |
|------------------------------------------------------------------|---------------|-------------------|
| | 2020 | 2019 |
| Bank deposits (classified as financial assets at amortized cost) | \$ 844 | \$ 2,550 |
| Machinery and equipment, net | <u>-</u> | <u>669,015</u> |
| | <u>\$ 844</u> | <u>\$ 671,565</u> |

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2020 and 2019 were as follows:

- a. As of December 31, 2020 and 2019, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$136,240 thousand and \$291,367 thousand, respectively.
- b. Unrecognized commitments are as follows:

| | December 31 | |
|----------------------------------------------|---------------------|---------------------|
| | 2020 | 2019 |
| Acquisition of property, plant and equipment | <u>\$ 1,231,586</u> | <u>\$ 1,669,002</u> |

35. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Group's overseas operating locations have postponed the resumption of operations in the first quarter of 2020. However, all the operations resumed before February 2020. The Group evaluates that the effect of COVID-19 is not significant.

The Group has successively applied to the government for various subsidies such as salaries, working capital, taxes, etc., and negotiated with the lessor to decrease the rent of factories and offices; refer to Note 15 for more information. Additionally, according to the local government announcement, parts of the Group's subsidiaries in China are eligible for the reduction in payments or exemption from the retirement, unemployment, industrial injury, and medical insurance from February to June 2020.

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The board of directors of the Company and its subsidiary TPKT resolved on March 11 and January 11, 2021, respectively, to invest in Hennessy Capital Investment Corp. V through Ocean Capital Enterprises Co., Ltd. The investment included acquiring 363,529 shares of the post-marketing Class A ordinary shares with 90,882 units of options, 100,171 shares post-marketing Class B ordinary shares, and 109,805 units of post-marketing private placement options. The total amount of investments was US\$3,800 thousand.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currency (the U.S. dollar) and the related the exchange rates between the foreign currencies and the respective functional currency were as follows:

(All Currencies in Thousands)

| December 31, 2020 | | | |
|------------------------------|---------------------|---------------|--------------|
| | Foreign Currency | Exchange Rate | U.S. Dollars |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| RMB | \$ 1,487,793 | 6.5325 | \$ 227,781 |
| NTD | 1,389,846 | 28.4800 | 48,801 |
| JPY | 116,209 | 103.3007 | 1,125 |
| EUR | 80 | 0.8151 | 99 |
| Non-monetary items | | | |
| Derivative instruments | | | |
| RMB buy | 5,047,783 | 6.5325 | 40,114 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| RMB | 2,527,868 | 6.5325 | 387,017 |
| NTD | 275,507 | 28.4800 | 9,674 |
| JPY | 300,289 | 103.3007 | 2,907 |
| EUR | 1,552 | 0.8151 | 1,904 |
| Non-monetary items | | | |
| Derivative instruments | | | |
| Foreign exchange options | 3,071,370 | 6.5325 | 41,192 |
| RMB sell | 654,317 | 6.5325 | 286 |
| December 31, 2019 | | | |
| | Foreign Currency | Exchange Rate | U.S. Dollars |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| RMB | \$ 1,140,800 | 6.9762 | \$ 163,477 |
| NTD | 600,738 | 29.9800 | 20,038 |
| JPY | 39,215 | 108.6232 | 361 |
| EUR | 81 | 0.8925 | 90 |
| Non-monetary items | | | |
| Derivative instruments | | | |
| RMB buy | 2,112,415 | 6.9762 | 1,411 |
| RMB sell | 107,672 | 6.9762 | 535 |
| Foreign exchange options | 1,720,875 | 6.9762 | 3,053 |

(Continued)

| | December 31, 2019 | | |
|------------------------------|---------------------|---------------|--------------|
| | Foreign Currency | Exchange Rate | U.S. Dollars |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| RMB | \$ 2,078,463 | 6.9762 | \$ 297,844 |
| NTD | 248,341 | 29.9800 | 8,284 |
| JPY | 441,813 | 108.6232 | 4,067 |
| EUR | 1,301 | 0.8925 | 1,458 |
| Non-monetary items | | | |
| Derivative instruments | | | |
| RMB buy | 1,833,447 | 6.9762 | 4,123 |
| Foreign exchange options | 712,200 | 6.9762 | 1,913 |
| | | | (Concluded) |

The realized and unrealized net foreign exchange losses were \$306,991 thousand for the year ended December 31, 2020, and the realized and unrealized net foreign exchange gains were \$216,684 thousand for the year ended December 31, 2019. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 9) Trading in derivative instruments. (Notes 7 and 31)
- 10) Intercompany relationships and significant intercompany transactions. (Table 9)

- b. Information on investees (Table 7)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investee, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 1, 2, 5 and 6)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segment under IFRS 8 "Operating Segment" is the touch modules segment. The related information was as follows:

- a. Information of reportable segment's gains or losses and assets

| | For the Year Ended December 31 | | | | | |
|---------------------------------------|--------------------------------|-----------|----------------|----------------|-------------|----------------|
| | 2020 | | | 2019 | | |
| | Touch Modules | Others | Total | Touch Modules | Others | Total |
| Revenue from external customers | \$ 114,538,573 | \$ 44,626 | \$ 114,583,199 | \$ 136,579,738 | \$ 26,957 | \$ 136,606,695 |
| Inter-segment revenue | 217,012 | 7,229,754 | 7,446,766 | 267,555 | 8,252,999 | 8,520,554 |
| Interest income | 809,194 | 12,218 | 821,412 | 854,544 | 60,924 | 915,468 |
| Finance costs | 631,024 | 196,026 | 827,050 | 696,610 | 502,598 | 1,199,208 |
| Depreciation and amortization | 4,855,921 | 1,323,019 | 6,178,940 | 5,929,687 | 1,909,807 | 7,839,494 |
| Impairment loss on assets | 18,572 | - | 18,572 | 259,275 | 544,199 | 803,474 |
| Reportable segment profit (loss) | | | | | | |
| before tax | 3,882,483 | 1,095,501 | 4,977,984 | 3,592,857 | (2,754,787) | 838,070 |
| Reportable segment income tax expense | (634,727) | (142,169) | (776,896) | (323,076) | (154,287) | (477,363) |

(Continued)

| For the Year Ended December 31 | | | | | | |
|--------------------------------------------------------------------------------------------------------------|---------------|------------|--------------|---------------|----------------|-------------|
| | 2020 | | | 2019 | | |
| | Touch Modules | Others | Total | Touch Modules | Others | Total |
| Reportable segment net profit (loss) | \$ 3,247,756 | \$ 953,332 | \$ 4,201,088 | \$ 3,269,781 | \$ (2,909,074) | \$ 360,707 |
| Reportable segment assets | 85,899,408 | 79,249,207 | 165,148,615 | 37,611,756 | 70,736,244 | 108,348,000 |
| Reportable segment capital expenditure on acquisition of property, plant and equipment and intangible assets | 1,551,930 | 314,900 | 1,866,830 | 4,258,212 | 190,080 | 4,448,292 |

(Concluded)

b. Reportable segment's gains or losses and other significant items reconciliation

1) Segment revenues and results

| Profit and Loss | For the Year Ended December 31 | |
|--------------------------------------------------|--------------------------------|-------------------|
| | 2020 | 2019 |
| Reportable segment profit before tax | \$ 3,882,483 | \$ 3,592,857 |
| Reportable segment income tax expense | (634,727) | (323,076) |
| Reportable segment net profit | 3,247,756 | 3,269,781 |
| Non-reportable segment's gain (loss) | 953,332 | (2,909,074) |
| Less: Inter-segment profit | (3,166,715) | (57,968) |
| Less: Net profit on non-controlling interests | (3,050) | (93,857) |
| Net profit attributable to owners of the Company | <u>\$ 1,031,323</u> | <u>\$ 208,882</u> |

2) Other significant items reconciliation

| For the Year Ended December 31, 2020 | | | | |
|-------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------|----------------|------------|
| Other Significant Items | Total Amount of Reportable Segment | Total Amount of Non-reportable Segment | Reconciliation | Total |
| | | | | |
| Interest income | \$ 809,194 | \$ 12,218 | \$ (45,424) | \$ 775,988 |
| Finance costs | 631,024 | 196,026 | (72,080) | 754,970 |
| Capital expenditure on acquisition of property, plant and equipment and intangible assets | 1,551,930 | 314,900 | (183,797) | 1,683,033 |
| Depreciation and amortization | 4,855,921 | 1,323,019 | - | 6,178,940 |
| Impairment loss | 18,572 | - | - | 18,572 |

For the Year Ended December 31, 2019

| Other Significant Items | Total Amount of Reportable Segment | Total Amount of Non- reportable Segment | Reconciliation | Total |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------|-----------------------|--------------|
| Interest income | \$ 854,544 | \$ 60,924 | \$ (232,965) | \$ 682,503 |
| Finance costs | 696,610 | 502,598 | (280,515) | 918,693 |
| Capital expenditure on acquisition of property, plant and equipment and intangible assets | 4,258,212 | 190,080 | (116,448) | 4,331,844 |
| Depreciation and amortization | 5,929,687 | 1,909,807 | - | 7,839,494 |
| Impairment loss | 259,275 | 544,199 | - | 803,474 |

3) Revenue from major products and services

The Company and its subsidiaries categorized reportable segment based on the type of products. There were no specific additional disclosure for products and revenue.

4) Geographical information

The Group operate in three principal geographical areas - Taiwan, the United States (“USA”) and China.

The Group’s revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

| | Revenue from External Customers | | Non-current Assets | |
|---------------|--------------------------------------------|-----------------------|---------------------------|----------------------|
| | For the Year Ended December 31 | | December 31 | |
| | 2020 | 2019 | 2020 | 2019 |
| North America | \$ 53,022,012 | \$ 64,716,789 | \$ 179,271 | \$ 2,796 |
| Asia | 39,296,552 | 38,608,349 | 27,046,613 | 31,329,076 |
| Europe | 22,263,216 | 33,280,870 | - | - |
| Others | <u>1,419</u> | <u>687</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 114,583,199</u> | <u>\$ 136,606,695</u> | <u>\$ 27,225,884</u> | <u>\$ 31,331,872</u> |

Non-current assets above excludes deferred tax assets and financial assets at FVTPL.

5) Information about major customers

Customers who contributed 10% or more to the Group’s revenue for the years ended December 31, 2020 and 2019 are as follows:

| | For the Year Ended December 31 | |
|------------|---------------------------------------|----------------------|
| | 2020 | 2019 |
| Customer A | \$ 59,910,965 | \$ 78,278,744 |
| Customer B | <u>13,566,037</u> | <u>16,985,308</u> |
| | <u>\$ 73,477,002</u> | <u>\$ 95,264,052</u> |

TABLE 1

TPK HOLDING CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands)**

| No. (Note 1) | Lender | Borrower | Financial Statements Account | Related Parties | Highest Balance for the Period (Notes 5 and 6) | Ending Balance (Notes 5 and 6) | Actual Borrowing Amount (Note 5) | Interest Rate | Nature of Financing (Note 2) | Business Transaction Amount | Reason for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Notes 3 and 5) | Aggregate Financing Limit (Notes 3 and 5) | Note |
|-----------------|--------|----------|-------------------------------------|--------------------|------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|-----------------|------------------------------------|-----------------------------------|---------------------------------------|----------------------------------|------------|-------|------------------------------------------------------------|------------------------------------------------------|------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | TPKH | TPK HK | Loan to related parties | Y | NT\$ 2,136,000 (approximately US\$ 75,000) | NT\$ - - | NT\$ - - | 3.0000%-3.0500% | b | \$ - | Operating capital | \$ - | - | \$ - | NT\$ 14,617,932 (approximately US\$ 515,166) | NT\$ 18,339,916 (approximately US\$ 643,958) | |
| 1 | TPKC | TPKG | Loan to related parties | Y | NT\$ 12,531,200 (approximately US\$ 440,000) | NT\$ 6,265,600 (approximately US\$ 220,000) | NT\$ 2,765,855 (approximately US\$ 97,116) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | MTOH | Loan to related parties | Y | NT\$ 4,556,800 (approximately US\$ 160,000) | NT\$ 2,278,400 (approximately US\$ 80,000) | NT\$ 1,129,736 (approximately US\$ 39,668) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | TPKH | Loan to related parties | Y | NT\$ 5,696,000 (approximately US\$ 200,000) | - - | - - | - | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | TPKP | Loan to related parties | Y | NT\$ 13,100,800 (approximately US\$ 460,000) | NT\$ 6,835,200 (approximately US\$ 240,000) | NT\$ 6,323,655 (approximately US\$ 222,038) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | TPKF | Loan to related parties | Y | NT\$ 740,480 (approximately US\$ 26,000) | - - | - - | - | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | TPKD | Loan to related parties | Y | NT\$ 2,848,000 (approximately US\$ 100,000) | NT\$ 1,424,000 (approximately US\$ 50,000) | NT\$ 1,338,174 (approximately US\$ 46,986) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | TPKS | Loan to related parties | Y | NT\$ 1,139,200 (approximately US\$ 40,000) | NT\$ 569,600 (approximately US\$ 20,000) | NT\$ 176,886 (approximately US\$ 6,211) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | TPK HK | Loan to related parties | Y | NT\$ 8,544,000 (approximately US\$ 300,000) | NT\$ 4,272,000 (approximately US\$ 150,000) | NT\$ 2,753,150 (approximately US\$ 96,670) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | TPKJ | Loan to related parties | Y | NT\$ 284,800 (approximately US\$ 10,000) | - - | - - | - | b | - | Operating capital | - | - | - | NT\$ 67,670,304 (approximately US\$ 2,376,064) | NT\$ 84,587,880 (approximately US\$ 2,970,080) | |
| | | | | | | | | | | | | | | | | | |
| 2 | TPK HK | TPKH | Loan to related parties | Y | NT\$ 11,392,000 (approximately US\$ 400,000) | NT\$ 7,120,000 (approximately US\$ 250,000) | NT\$ 6,664,320 (approximately US\$ 234,000) | 0.9165%-2.9090% | b | - | Operating capital | - | - | - | NT\$ 16,067,370 (approximately US\$ 564,163) | NT\$ 20,084,213 (approximately US\$ 705,204) | |
| | | TPKC | Loan to related parties | Y | NT\$ 5,696,000 (approximately US\$ 200,000) | NT\$ 2,848,000 (approximately US\$ 100,000) | NT\$ 44 (approximately US\$ 2) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 16,067,370 (approximately US\$ 564,163) | NT\$ 20,084,213 (approximately US\$ 705,204) | |
| | | TPKG | Loan to related parties | Y | NT\$ 4,841,600 (approximately US\$ 170,000) | NT\$ 1,993,600 (approximately US\$ 70,000) | NT\$ 1,993,600 (approximately US\$ 70,000) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 16,067,370 (approximately US\$ 564,163) | NT\$ 20,084,213 (approximately US\$ 705,204) | |
| | | UYH | Loan to related parties - long-term | Y | NT\$ 854,400 (approximately US\$ 30,000) | NT\$ 854,400 (approximately US\$ 30,000) | NT\$ 854,400 (approximately US\$ 30,000) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 16,067,370 (approximately US\$ 564,163) | NT\$ 20,084,213 (approximately US\$ 705,204) | |
| | | AMPH | Loan to related parties | Y | NT\$ 142,400 (approximately US\$ 5,000) | NT\$ 142,400 (approximately US\$ 5,000) | - - | - | b | - | Operating capital | - | - | - | NT\$ 3,213,474 (approximately US\$ 112,833) | NT\$ 4,016,843 (approximately US\$ 141,041) | |
| | | AMP HK | Loan to related parties | Y | NT\$ 142,400 (approximately US\$ 5,000) | NT\$ 142,400 (approximately US\$ 5,000) | - - | - | b | - | Operating capital | - | - | - | NT\$ 3,213,474 (approximately US\$ 112,833) | NT\$ 4,016,843 (approximately US\$ 141,041) | |
| | | | | | | | | | | | | | | | | | |

(Continued)

| No. (Note 1) | Lender | Borrower | Financial Statements Account | Related Parties | Highest Balance for the Period (Notes 5 and 6) | Ending Balance (Notes 5 and 6) | Actual Borrowing Amount (Note 5) | Interest Rate | Nature of Financing (Note 2) | Business Transaction Amount | Reason for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Notes 3 and 5) | Aggregate Financing Limit (Notes 3 and 5) | Note |
|-----------------|--------|----------|-------------------------------------|--------------------|------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|-----------------|------------------------------------|-----------------------------------|---------------------------------------|----------------------------------|------------|-------|------------------------------------------------------------|------------------------------------------------------|------|
| | | | | | | | | | | | | | Item | Value | | | |
| 3 | TPKA | TPK HK | Loan to related parties | Y | NT\$ 2,221,440 (approximately US\$ 78,000) | NT\$ 1,110,720 (approximately US\$ 39,000) | NT\$ 1,110,720 (approximately US\$ 39,000) | 0.0000% | b | \$ - | Operating capital | \$ - | - | \$ - | NT\$ 7,669,110 (approximately US\$ 269,281) | NT\$ 9,586,388 (approximately US\$ 336,601) | |
| | | TPK HK | Loan to related parties - long-term | Y | NT\$ 797,440 (approximately US\$ 28,000) | NT\$ 797,440 (approximately US\$ 28,000) | NT\$ 797,440 (approximately US\$ 28,000) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 7,669,110 (approximately US\$ 269,281) | NT\$ 9,586,388 (approximately US\$ 336,601) | |
| 4 | TPKS | TPKC | Loan to related parties | Y | NT\$ 3,417,600 (approximately US\$ 120,000) | NT\$ 1,708,800 (approximately US\$ 60,000) | NT\$ 724,816 (approximately US\$ 25,450) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 6,414,444 (approximately US\$ 225,226) | NT\$ 8,018,055 (approximately US\$ 281,533) | |
| 5 | TPKM | TPKC | Loan to related parties | Y | NT\$ 526,880 (approximately US\$ 18,500) | NT\$ 242,080 (approximately US\$ 8,500) | NT\$ 101,802 (approximately US\$ 3,575) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 561,058 (approximately US\$ 19,700) | NT\$ 701,323 (approximately US\$ 24,625) | |
| 6 | TPKD | TPKC | Loan to related parties | Y | NT\$ 11,392,000 (approximately US\$ 400,000) | NT\$ 5,696,000 (approximately US\$ 200,000) | NT\$ 28 (approximately US\$ 1) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 27,981,204 (approximately US\$ 982,486) | NT\$ 34,976,505 (approximately US\$ 1,228,108) | |
| 7 | TPKT | TPK HK | Loan to related parties | Y | NT\$ 1,139,200 (approximately US\$ 40,000) | NT\$ 569,600 (approximately US\$ 20,000) | NT\$ 569,600 (approximately US\$ 20,000) | 0.9130%-2.6006% | b | - | Operating capital | - | - | - | NT\$ 748,009 (approximately US\$ 26,264) | NT\$ 935,011 (approximately US\$ 32,830) | |
| 8 | TPKMT | TPKC | Loan to related parties | Y | NT\$ 555,360 (approximately US\$ 19,500) | NT\$ 270,560 (approximately US\$ 9,500) | NT\$ 197,470 (approximately US\$ 6,934) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 598,668 (approximately US\$ 21,021) | NT\$ 748,335 (approximately US\$ 26,276) | |
| 9 | TPKJ | TPKC | Loan to related parties | Y | NT\$ 1,139,200 (approximately US\$ 40,000) | NT\$ 854,400 (approximately US\$ 30,000) | NT\$ 498,261 (approximately US\$ 17,495) | 0.0000% | b | - | Operating capital | - | - | - | NT\$ 3,494,546 (approximately US\$ 122,702) | NT\$ 4,368,183 (approximately US\$ 153,377) | |

Note 1: The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2: Types of financing were as follows:

- a. Business and trade.
- b. Short-term financing.

Note 3: The limits of financing amounts were as follows:

- a. Financing received from TPKH cannot exceed 50% of TPKH’s net asset value, and the total short-term financing cannot exceed 40% of TPKH’s net asset value.
- b. Financing received from a financing company cannot exceed 50% of the financing company’s net asset value, and the total short-term financing cannot exceed 40% of the financing company’s net asset value.
- c. The limits of individual financing provided are as follows:
 - 1) Intercompany business and trade financing cannot exceed the business and trade amount. The business and trade amount is the higher of the sales amount or purchases amount within one year.
 - 2) Short-term financing cannot exceed 40% of the financing company’s net asset value.
- d. The total financing amount where TPKH directly and indirectly holds 100% of the voting shares of subsidiaries cannot exceed 250% of the lending company’s net asset value, and the amount of individual financing provided cannot exceed 200% of the lending company’s net asset value.
- e. For loans provided to TPKH, the total financing amount where TPKH directly and indirectly holds 100% of the voting shares of subsidiaries cannot exceed 250% of the lending company’s net asset value, and the amount of individual financing provided cannot exceed 200% of the lending company’s net asset value.

Note 4: The Company’s board of directors approved the credit line of loans to another party for NT\$45,995,200 thousand (approximately US\$1,615,000 thousand). The loans to other parties disclosed on Table 1 did not exceed the credit lines approved by the Company’s board of directors.

Note 5: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28.48.

Note 6: Highest balance and ending balance for the year only indicate credit line of loans to others, not the actual amount of loans.

(Concluded)

TABLE 2

TPK HOLDING CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands)**

| No. (Note 1) | Endorser/ Guarantor | Endorsee/Guarantee | | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3) | Maximum Amount Endorsed/ Guaranteed During the Period (Notes 3 and 4) | Outstanding Endorsement/ Guarantee at the End of the Period (Notes 3 and 4) | Actual Borrowing Amount (Note 3) | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements | Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3) | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China | Note |
|-----------------|------------------------|--------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------|
| | | Name | Relationship | | | | | | | | | | | |
| 0 | TPKH | TPKD | Subsidiaries of which the Company held a 100% equity interest | NT\$ 9,169,958 (approximately US\$ 321,979) | NT\$ 959,263 (approximately US\$ 33,682) | NT\$ 959,263 (approximately US\$ 33,682) | \$ - | \$ - | 2.62% | NT\$ 18,339,916 (approximately US\$ 643,958) | Y | N | Y | |
| 1 | TPKC | TPKD | Subsidiaries of which the Company directly held a more than 50% equity interest | NT\$ 9,169,958 (approximately US\$ 321,979) | NT\$ 959,263 (approximately US\$ 33,682) | NT\$ 959,263 (approximately US\$ 33,682) | - | - | 2.62% | NT\$ 18,339,916 (approximately US\$ 643,958) | N | N | Y | |
| | | TPK HK | Between subsidiaries of which the Company held a 100% equity interest | NT\$ 9,169,958 (approximately US\$ 321,979) | NT\$ 1,308,086 (approximately US\$ 45,930) | NT\$ 1,308,086 (approximately US\$ 45,930) | NT\$ 1,101,566 (approximately US\$ 38,679) | - | 3.57% | NT\$ 18,339,916 (approximately US\$ 643,958) | N | N | N | |
| | | TPK HK | Between subsidiaries of which the Company held a 100% equity interest | NT\$ 9,169,958 (approximately US\$ 321,979) | NT\$ 436,029 (approximately US\$ 15,310) | - | - | - | - | NT\$ 18,339,916 (approximately US\$ 643,958) | N | N | N | |
| 2 | TPKJ | TPKJ HK | Subsidiaries of which the Company directly held a more than 50% equity interest | NT\$ 9,169,958 (approximately US\$ 321,979) | NT\$ 142,400 (approximately US\$ 5,000) | - | - | - | - | NT\$ 18,339,916 (approximately US\$ 643,958) | N | N | N | |

Note 1: The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2: For TPKH, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 50% and 25% of TPKH’s net asset value, respectively. The maximum collateral/guarantee amount allowable was calculated based on the net assets value as of December 31, 2020.

Note 3: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28.48.

Note 4: The maximum amount and outstanding endorsement/guarantee at the end of the year only indicate limits on endorsement/guarantee amount to others, not the actual borrowing amount.

TABLE 3

TPK HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands, Unless Stated Otherwise)

| Holding Company Name | Name and Type of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2020 | | | | Note |
|----------------------|-----------------------------------------------------------------------------|---------------------------------------|-----------------------------------------|-------------------|--------------------------------------------------|-------------------------|--------------------------------------------------|--------|
| | | | | Shares | Carrying Amount (Note 2) | Percentage of Ownership | Fair Value | |
| TPKH | <u>Ordinary shares</u> Canoo Inc. | - | Financial assets at FVTOCI - current | 10,000,000 | NT\$3,930,240 (approximately US\$ 138,000) | 4.24 | NT\$3,930,240 (approximately US\$ 138,000) | |
| TPK HK | <u>Fund</u> Wise Road Industry Investment fund I L.P | - | Financial assets at FVTPL - non-current | - | NT\$ 377,889 (approximately US\$ 13,269) | 4.07 | NT\$ 377,889 (approximately US\$ 13,269) | Note 3 |
| | <u>Short-term convertible bonds</u> Light Polymers Holdings (HK) Limited | - | Financial assets at FVTPL - current | - | - | - | - | Note 1 |

Note 1: The Group evaluated the fair value of short-term convertible bonds as \$0 on December 31, 2020.

Note 2: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28.48.

Note 3: The Group disclosed the percentage of ownership based on the percentage of the Group’s investment amount.

TABLE 4

TPK HOLDING CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

(In Thousands, Unless Stated Otherwise)

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|--------------|--------------------------------------------------|-----------------------------------------|--------------|--------------|-------------------|----------------------------------------|------------------|--------------------------------------------|------------------|--------|-----------------|-------------------------|----------------|---------------------------------------------|
| | | | | | Number of Shares | Amount (Note 1) | Number of Shares | Amount (Notes 2 and 4) | Number of Shares | Amount | Carrying Amount | Gain (Loss) on Disposal | Shares | Amount (Notes 3, 4 and 5) |
| TPKH | Ordinary shares Canoo Inc. | Financial assets at FVTOCI - current | - | - | - | \$ - | 10,000,000 | NT\$2,850,500 (approximately US\$ 100,000) | - | \$ - | \$ - | \$ - | 10,000,000 | NT\$ 3,930,240 (approximately US\$ 138,000) |
| TPK HK | Fund Wise Road Industry Investment fund I L.P | Financial assets at FVTPL - non-current | - | - | - | NT\$ 77,755 (approximately US\$ 2,594) | - | NT\$ 337,887 (approximately US\$ 11,513) | - | - | - | - | - | NT\$ 377,889 (approximately US\$ 13,269) |

- Note 1: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2019 was US\$1=NT\$29.98.
- Note 2: The exchange rate used for the translation of U.S. dollars to New Taiwan dollars was the monthly average rate of the transaction.
- Note 3: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28.48.
- Note 4: In December 2020, TPKH indirectly invested in Canoo Holding Ltd. by participating in the private placement of Hennessy Capital Acquisition Corp. IV for an investment amount of US\$100,000 thousand. After the acquisition, Hennessy Capital Acquisition Corp. IV merged with Canoo Holding Ltd. and changed its name to Canoo Inc. After the merger, TPKH owned 4.24% (10,000 thousand shares) of Canoo Inc.’s shares.
- Note 5: The ending balance included profit or loss on the fair value changes of financial assets.

TABLE 5

TPK HOLDING CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands)

| Company Name | Related Party | Relationship | Transaction Detail | | | | Abnormal Transaction | | Notes/Trade Receivable (Payables) | | Note |
|--------------|---------------|-----------------------------------------------|--------------------|------------------------------------------------------|------------|-------------------------------|------------------------------|------------------------------|----------------------------------------------------|------------|------|
| | | | Purchase/ Sale | Amount (Notes 2 and 3) | % to Total | Payment Terms | Unit Price | Payment Term | Ending Balance (Notes 2 and 4) | % to Total | |
| TPKC | TPKS | The same ultimate parent company | Purchase | NT\$ 1,117,708 (approximately US\$ 37,738) | 1.16 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 384,931 (approximately US\$ 13,516) | 2.67 | |
| | TPKG | The same ultimate parent company | Purchase | NT\$ 527,949 (approximately US\$ 17,826) | 0.55 | 45 days after monthly closing | No significant difference | No significant difference | - | - | |
| | TPK HK | The same ultimate parent company | Purchase | NT\$ 4,088,723 (approximately US\$ 138,051) | 4.25 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 372,000 (approximately US\$ 13,062) | 2.58 | |
| | TPKP | The same ultimate parent company | Purchase | NT\$ 126,316 (approximately US\$ 4,265) | 0.13 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 43,351 (approximately US\$ 1,522) | 0.30 | |
| | TPKJ | Investments accounted for using equity method | Purchase | NT\$ 1,853,781 (approximately US\$ 62,591) | 1.93 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 349,791 (approximately US\$ 12,282) | 2.42 | |
| | TPKU | The same ultimate parent company | Sales | NT\$ 197,314 (approximately US\$ 6,662) | 0.17 | 45 days after monthly closing | No significant difference | No significant difference | - | - | |
| | TPKG | The same ultimate parent company | Sales | NT\$ 143,265 (approximately US\$ 4,837) | 0.13 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 18,515 (approximately US\$ 650) | 0.15 | |
| | TPK HK | The same ultimate parent company | Sales | NT\$ 35,632,166 (approximately US\$ 1,203,078) | 31.10 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 10,070,265 (approximately US\$ 353,591) | 78.90 | |
| | TPKD | Investments accounted for using equity method | Sales | NT\$ 115,495 (approximately US\$ 3,900) | 0.10 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 12,479 (approximately US\$ 438) | 0.10 | |
| TPKS | TPK HK | The same ultimate parent company | Purchase | NT\$ 3,077,561 (approximately US\$ 103,910) | 3.20 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 361,224 (approximately US\$ 12,683) | 2.50 | |
| | TPKJ | The same ultimate parent company | Purchase | NT\$ 662,301 (approximately US\$ 22,362) | 0.69 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 141,904 (approximately US\$ 4,983) | 0.98 | |
| | TPKC | The same ultimate parent company | Sales | NT\$ 1,117,708 (approximately US\$ 37,738) | 0.98 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 384,931 (approximately US\$ 13,516) | 3.02 | |

(Continued)

| Company Name | Related Party | Relationship | Transaction Detail | | | | Abnormal Transaction | | Notes/Trade Receivable (Payables) | | Note |
|--------------|----------------------------------------------------------|-----------------------------------------------|----------------------------------|------------------------------------------------------|-----------------------------------------------|-------------------------------|-------------------------------|------------------------------|----------------------------------------------------|--------------------------------------------|------|
| | | | Purchase/ Sale | Amount (Notes 2 and 3) | % to Total | Payment Terms | Unit Price | Payment Term | Ending Balance (Notes 2 and 4) | % to Total | |
| TPKU | TPK HK | The same ultimate parent company | Sales | NT\$ 6,159,923 (approximately US\$ 207,983) | 5.38 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 975,432 (approximately US\$ 34,250) | 7.64 | |
| | TPKC | The same ultimate parent company | Purchase | NT\$ 197,314 (approximately US\$ 6,662) | 0.21 | 45 days after monthly closing | No significant difference | No significant difference | - | - | |
| | TPKG | TPKC | The same ultimate parent company | Purchase | NT\$ 143,265 (approximately US\$ 4,837) | 0.15 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 18,515 (approximately US\$ 650) | |
| TPKC | | The same ultimate parent company | Sales | NT\$ 527,949 (approximately US\$ 17,826) | 0.46 | 45 days after monthly closing | No significant difference | No significant difference | - | - | |
| TPK HK | TPKD | The same ultimate parent company | Sales | NT\$ 1,066,507 (approximately US\$ 36,009) | 0.93 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 201,004 (approximately US\$ 7,058) | 1.57 | |
| | TPKC | Investments accounted for using equity method | Purchase | NT\$ 35,632,166 (approximately US\$ 1,203,078) | 37.04 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 10,070,265 (approximately US\$ 353,591) | 69.72 | |
| | TPKS | The same ultimate parent company | Purchase | NT\$ 6,159,923 (approximately US\$ 207,983) | 6.40 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 975,432 (approximately US\$ 34,250) | 6.75 | |
| | MTOH | Investments accounted for using equity method | Purchase | NT\$ 2,810,790 (approximately US\$ 94,903) | 2.92 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 945,949 (approximately US\$ 33,214) | 6.55 | |
| | TPKD | Investments accounted for using equity method | Purchase | NT\$ 59,021,231 (approximately US\$ 1,992,782) | 61.36 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 10,020,766 (approximately US\$ 351,853) | 69.38 | |
| | TPKC | Investments accounted for using equity method | Sales | NT\$ 4,593,345 (approximately US\$ 155,089) | 4.01 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 372,000 (approximately US\$ 13,062) | 2.91 | |
| | TPKS | The same ultimate parent company | Sales | NT\$ 3,077,561 (approximately US\$ 103,910) | 2.69 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 361,224 (approximately US\$ 12,683) | 2.83 | |
| | MTOH | Investments accounted for using equity method | Sales | NT\$ 146,516 (approximately US\$ 4,947) | 0.13 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 9,040 (approximately US\$ 317) | 0.07 | |
| | TPKD | Investments accounted for using equity method | Sales | NT\$ 36,851,145 (approximately US\$ 1,244,236) | 32.16 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 3,534,719 (approximately US\$ 124,112) | 27.69 | |
| | TES Touch Embedded Solutions (Xiamen) Co., Ltd. (TES XM) | Related party in substance | Sales | NT\$ 602,118 (approximately US\$ 20,330) | 0.53 | 60 days after monthly closing | No significant difference | No significant difference | NT\$ 127,481 (approximately US\$ 4,476) | 1.00 | |

(Continued)

| Company Name | Related Party | Relationship | Transaction Detail | | | | Abnormal Transaction | | Notes/Trade Receivable (Payables) | | Note |
|--------------|---------------|-----------------------------------------------|--------------------|------------------------------------------------------|------------|-------------------------------|------------------------------|------------------------------|----------------------------------------------------|------------|------|
| | | | Purchase/ Sale | Amount (Notes 2 and 3) | % to Total | Payment Terms | Unit Price | Payment Term | Ending Balance (Notes 2 and 4) | % to Total | |
| MTOH | TPK HK | The same ultimate parent company | Purchase | NT\$ 146,516 (approximately US\$ 4,947) | 0.15 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 9,040 (approximately US\$ 317) | 0.06 | |
| | TPKP | The same ultimate parent company | Purchase | NT\$ 271,035 (approximately US\$ 9,151) | 0.28 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 68,194 (approximately US\$ 2,394) | 0.47 | |
| | TPK HK | The same ultimate parent company | Sales | NT\$ 2,810,790 (approximately US\$ 94,903) | 2.45 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 945,949 (approximately US\$ 33,214) | 7.41 | |
| | TES XM | Related party in substance | Sales | NT\$ 161,272 (approximately US\$ 5,445) | 0.14 | 60 days after monthly closing | No significant difference | No significant difference | NT\$ 1,829 (approximately US\$ 64) | 0.01 | |
| TPKP | TPKC | The same ultimate parent company | Sales | NT\$ 126,316 (approximately US\$ 4,265) | 0.11 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 43,351 (approximately US\$ 1,522) | 0.34 | |
| | MTOH | The same ultimate parent company | Sales | NT\$ 271,035 (approximately US\$ 9,151) | 0.24 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 68,194 (approximately US\$ 2,394) | 0.53 | |
| TPKD | TPKC | The same ultimate parent company | Purchase | NT\$ 115,495 (approximately US\$ 3,900) | 0.12 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 12,479 (approximately US\$ 438) | 0.09 | |
| | TPKG | The same ultimate parent company | Purchase | NT\$ 1,066,507 (approximately US\$ 36,009) | 1.11 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 201,004 (approximately US\$ 7,058) | 1.39 | |
| | TPK HK | The same ultimate parent company | Purchase | NT\$ 36,851,145 (approximately US\$ 1,244,236) | 38.31 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 3,534,719 (approximately US\$ 124,112) | 24.47 | |
| | TPKJ | The same ultimate parent company | Purchase | NT\$ 2,349,670 (approximately US\$ 79,334) | 2.44 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 381,171 (approximately US\$ 13,384) | 2.64 | |
| | TPK HK | The same ultimate parent company | Sales | NT\$ 59,021,231 (approximately US\$ 1,992,782) | 51.51 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 10,020,766 (approximately US\$ 351,853) | 78.51 | |
| | BTO | Related party in substance | Purchase | NT\$ 145,474 (approximately US\$ 4,912) | 0.15 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 27,696 (approximately US\$ 972) | 0.19 | |
| TPKJ | TPKJ HK | Investments accounted for using equity method | Purchase | NT\$ 246,805 (approximately US\$ 8,333) | 0.26 | 45 days after monthly closing | No significant difference | No significant difference | - | - | |
| | TPKC | The same ultimate parent company | Sales | NT\$ 1,854,302 (approximately US\$ 62,608) | 1.62 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 349,791 (approximately US\$ 12,282) | 2.74 | |

(Continued)

| Company Name | Related Party | Relationship | Transaction Detail | | | | Abnormal Transaction | | Notes/Trade Receivable (Payables) | | Note |
|--------------|---------------|----------------------------------|--------------------|--------------------------------------------------|------------|-------------------------------|------------------------------|------------------------------|------------------------------------------------|------------|------|
| | | | Purchase/ Sale | Amount (Notes 2 and 3) | % to Total | Payment Terms | Unit Price | Payment Term | Ending Balance (Notes 2 and 4) | % to Total | |
| TPKJ HK | TPKS | The same ultimate parent company | Sales | NT\$ 662,474 (approximately US\$ 22,368) | 0.58 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 141,904 (approximately US\$ 4,983) | 1.11 | |
| | TPKD | The same ultimate parent company | Sales | NT\$ 2,350,079 (approximately US\$ 79,348) | 2.05 | 45 days after monthly closing | No significant difference | No significant difference | NT\$ 381,171 (approximately US\$ 13,384) | 2.99 | |
| | TPKJ | The same ultimate parent company | Sales | NT\$ 246,805 (approximately US\$ 8,333) | 0.22 | 45 days after monthly closing | No significant difference | No significant difference | - | - | |

Note 1: The sales prices and payment terms of intercompany and related party sales and purchases were not significantly different from those transactions with third parties.

Note 2: Except for TES XM and BTO, intercompany balances and transactions were eliminated upon consolidation.

Note 3: The average exchange rate from U.S. dollars to New Taiwan dollars for the year ended December 31, 2020 was US\$1=NT\$29.6175.

Note 4: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28.48.

(Concluded)

TABLE 6

TPK HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2020

(In Thousands)

| Company Name | Related Party | Relationship | Ending Balance (Notes 1 and 3) | Turnover Rate | Overdue | | Amount Received in Subsequent Period (Note 2) | Allowance for Impairment Loss |
|--------------|---------------|-----------------------------------------------|----------------------------------------------------|---------------|---------------------------------------------------|--------------------|-----------------------------------------------------|----------------------------------|
| | | | | | Amount (Note 1) | Action Taken | | |
| TPKC | TPK HK | The same ultimate parent company | NT\$ 10,070,265 (approximately US\$ 353,591) | 3.17 | NT\$ 2,987,193 (approximately US\$ 104,887) | Enhance collection | NT\$ 5,092,830 (approximately US\$ 178,821) | \$ - |
| TPKS | TPKC | The same ultimate parent company | NT\$ 384,931 (approximately US\$ 13,516) | 4.02 | - | - | NT\$ 377,673 (approximately US\$ 13,261) | - |
| | TPK HK | The same ultimate parent company | NT\$ 975,432 (approximately US\$ 34,250) | 7.51 | - | - | NT\$ 699,823 (approximately US\$ 24,572) | - |
| TPKG | TPKD | The same ultimate parent company | NT\$ 201,004 (approximately US\$ 7,058) | 5.71 | - | - | NT\$ 201,004 (approximately US\$ 7,058) | - |
| TPK HK | TPKC | Investments accounted for using equity method | NT\$ 372,000 (approximately US\$ 13,062) | 7.23 | - | - | NT\$ 43 (approximately US\$ 2) | - |
| | TPKS | The same ultimate parent company | NT\$ 361,224 (approximately US\$ 12,683) | 7.16 | - | - | NT\$ 361,225 (approximately US\$ 12,683) | - |
| | TPKD | Investments accounted for using equity method | NT\$ 3,534,719 (approximately US\$ 124,112) | 7.36 | - | - | NT\$ 3,534,719 (approximately US\$ 124,112) | - |
| | TES XM | Related parties in substance | NT\$ 127,481 (approximately US\$ 4,476) | 9.08 | - | - | - | - |
| MTOH | TPK HK | The same ultimate parent company | NT\$ 945,949 (approximately US\$ 33,214) | 4.07 | NT\$ 347,257 (approximately US\$ 12,193) | Enhance collection | NT\$ 945,949 (approximately US\$ 33,214) | - |
| TPKD | TPK HK | The same ultimate parent company | NT\$ 10,020,766 (approximately US\$ 351,853) | 5.44 | NT\$ 2,556,539 (approximately US\$ 89,766) | Enhance collection | NT\$ 7,064,753 (approximately US\$ 248,060) | - |

(Continued)

| Company Name | Related Party | Relationship | Ending Balance (Notes 1 and 3) | Turnover Rate | Overdue | | Amount Received in Subsequent Period (Note 2) | Allowance for Impairment Loss |
|--------------|---------------|----------------------------------|------------------------------------------------|---------------|--------------------|--------------|-----------------------------------------------------|----------------------------------|
| | | | | | Amount (Note 1) | Action Taken | | |
| TPKJ | TPKC | The same ultimate parent company | NT\$ 349,791 (approximately US\$ 12,282) | 5.23 | \$ - | - | NT\$ 343,397 (approximately US\$ 12,057) | \$ - |
| | TPKS | The same ultimate parent company | NT\$ 141,904 (approximately US\$ 4,983) | 5.05 | - | - | NT\$ 139,419 (approximately US\$ 4,895) | - |
| | TPKD | The same ultimate parent company | NT\$ 381,171 (approximately US\$ 13,384) | 5.40 | - | - | NT\$ 374,906 (approximately US\$ 13,164) | - |

Note 1: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28.48.

Note 2: The amount received in the subsequent period means that the collection was made by February 28, 2021.

Note 3: Please refer to Table 1 for information on financing provided to others.

(Concluded)

TABLE 7

TPK HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of December 31, 2020 | | | Net Income (Loss) of the Investee (Note 2) | Share of Profits (Loss) (Notes 2 and 4) | Note |
|------------------|------------------|-----------|-------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|---------------------------------|--------|------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|------------------------------------------------------|
| | | | | December 31, 2020 (Note 1) | December 31, 2019 (Note 1) | Number of Shares | % | Carrying Amount (Notes 1 and 4) | | | |
| TPKH | Improve | Samoa | Holding company | NT\$ 4,399,875 (approximately US\$ 154,490) | NT\$ 4,399,875 (approximately US\$ 154,490) | 154,490,000 | 100.00 | NT\$ 3,868,586 (approximately US\$ 135,835) | NT\$ (188,711) (approximately US\$ -6,372) | NT\$ (188,711) (approximately US\$ -6,372) | Subsidiary |
| | UYH | Samoa | Holding company | NT\$ 5,611,699 (approximately US\$ 197,040) | NT\$ 5,611,699 (approximately US\$ 197,040) | 196,250,000 | 100.00 | NT\$ 30,433,562 (approximately US\$ 1,068,594) | NT\$ 1,077,152 (approximately US\$ 36,369) | NT\$ 1,077,152 (approximately US\$ 36,369) | Subsidiary |
| | TTI | Samoa | International trade | - | NT\$ 14,240 (approximately US\$ 500) | - | - | - | NT\$ (12,655) (approximately US\$ -427) | NT\$ (12,655) (approximately US\$ -427) | Subsidiary (Note 10) |
| | OTH | Singapore | Holding company | NT\$ 1,485,317 (approximately US\$ 52,153) | NT\$ 1,485,317 (approximately US\$ 52,153) | 31,000 | 100.00 | NT\$ 1,764,166 (approximately US\$ 61,944) | NT\$ 77,028 (approximately US\$ 2,601) | NT\$ 77,028 (approximately US\$ 2,601) | Subsidiary |
| | RUSL | Hong Kong | Holding company | NT\$ 13,371,303 (approximately US\$ 469,498) | NT\$ 13,371,303 (approximately US\$ 469,498) | 469,498,000 | 100.00 | NT\$ 8,089,120 (approximately US\$ 284,028) | NT\$ 558,644 (approximately US\$ 18,862) | NT\$ 558,644 (approximately US\$ 18,862) | Subsidiary |
| | AMPH | Cayman | Holding company; research and development, manufacturing and sale of resin products | NT\$ 170,880 (approximately US\$ 6,000) | - | 15 | 57.69 | NT\$ 171,325 (approximately US\$ 6,016) | NT\$ 1,415 (approximately US\$ 48) | NT\$ 816 (approximately US\$ 28) | Subsidiary (Note 9) |
| Improve | TPKA | Malaysia | Holding company | NT\$ 4,744,457 (approximately US\$ 166,589) | NT\$ 4,744,457 (approximately US\$ 166,589) | 632,187 | 100.00 | NT\$ 3,834,555 (approximately US\$ 134,640) | NT\$ (188,699) (approximately US\$ -6,371) | NT\$ (188,699) (approximately US\$ -6,371) | Sub-subsiidiary (Note 8) |
| AMPH | AMPHK | Hong Kong | Holding company and international trade | NT\$ 28,480 (approximately US\$ 1,000) | - | 1,000,000 | 100.00 | NT\$ 25,333 (approximately US\$ 890) | NT\$ (3,272) (approximately US\$ -110) | NT\$ (3,272) (approximately US\$ -110) | Sub-subsiidiary (Note 9) |
| OTH | TPKU | U.S.A. | International trade | NT\$ 136,704 (approximately US\$ 4,800) | NT\$ 136,704 (approximately US\$ 4,800) | Note 3 | 100.00 | NT\$ 165,961 (approximately US\$ 5,827) | NT\$ 3,703 (approximately US\$ 125) | NT\$ 3,703 (approximately US\$ 125) | Sub-subsiidiary |
| RUSL | TPK HK | Hong Kong | Touch module related research; holding company and international trade | NT\$ 13,314,343 (approximately US\$ 467,498) | NT\$ 13,314,343 (approximately US\$ 467,498) | 467,498,000 | 100.00 | NT\$ 8,033,685 (approximately US\$ 282,082) | NT\$ 558,687 (approximately US\$ 18,863) | NT\$ 558,687 (approximately US\$ 18,863) | Sub-subsiidiary |
| TPK HK | Cando | Taiwan | Touch modules research and manufacture | NT\$ 5,512,990 (approximately US\$ 193,574) | NT\$ 5,512,990 (approximately US\$ 193,574) | 77,124,591 | 19.78 | - | - | - | Associate accounted for using equity method (Note 6) |
| | TPKF HK | Hong Kong | Holding company | NT\$ 427,627 (approximately US\$ 15,015) | NT\$ 427,627 (approximately US\$ 15,015) | 18,000,000 | 100.00 | NT\$ (5,319) (approximately US\$ -187) | NT\$ 954 (approximately US\$ 32) | NT\$ 954 (approximately US\$ 32) | Sub-subsiidiary (Note 11) |
| TPKA | TPKT | Taiwan | Touch related material sales and machinery manufacture, wholesale and retail | NT\$ 2,911,700 (approximately US\$ 116,433) | NT\$ 2,911,700 (approximately US\$ 116,433) | 50,717,000 | 100.00 | NT\$ 1,870,022 (approximately US\$ 65,661) | NT\$ (212,324) (approximately US\$ -7,169) | NT\$ (212,324) (approximately US\$ -7,169) | Sub-subsiidiary |
| TPKT | RSSL | Hong Kong | Holding company | - | NT\$ 379,069 (approximately US\$ 13,310) | - | - | - | - | - | Sub-subsiidiary (Note 7) |
| TPKJ | TPKJ HK | Hong Kong | International trade | NT\$ 14,240 (approximately US\$ 500) | NT\$ 14,240 (approximately US\$ 500) | 500,000 | 100.00 | NT\$ 28,784 (approximately US\$ 1,011) | NT\$ 10,869 (approximately US\$ 367) | NT\$ 10,869 (approximately US\$ 367) | Sub-subsiidiary |

Note 1: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28.48.

Note 2: The average exchange rate from U.S. dollars to New Taiwan dollars for the year ended December 31, 2020 was US\$1=NT\$29.6175.

Note 3: There are no shares since it is a limited liability no-shares company.

(Continued)

- Note 4: Except for Cando, intercompany balances and transactions were eliminated upon consolidation.
- Note 5: Please refer to Table 8 for information on investment in mainland China.
- Note 6: Based on assessments, the recoverable amounts of the Company’s interests in Cando were less than their carrying amounts. Hence, impairment losses of the total carrying amounts were recognized. Refer to Note 13 to the consolidated financial statements for more information.
- Note 7: In order to simplify its organizational structure, the Company’s board of directors resolved to dissolve and liquidate RSSL, which has finished in January 2020.
- Note 8: The Company resolved to dissolve and liquidate TPKA in order to simplify its organizational structure. As of March 11, 2021, the process of dissolution and liquidation was not completed.
- Note 9: For operational needs, the Company’s board of directors resolved to set up AMPH in Cayman Islands as a holding company, which was set up on December 19, 2019 and received a capital investment of US\$400 thousand and US\$5,600 thousand in February and April 2020, respectively. AMPH set up AMP HK as its subsidiary in Hong Kong on April 7, 2020, and invested in AMP HK in amounts of US\$10 thousand and US\$990 thousand in June and September 2020, respectively. AMP HK set up its subsidiary Amplifi Tech (Xiamen) Limited on December 15, 2020 with a registered capital of US\$1,000 thousand, and invested in the amount of US\$500 thousand in February 2021.
- Note 10: The Company resolved to dissolve and liquidate TTI in order to simplify its organizational structure, and the process of liquidation was completed in November 4, 2020.
- Note 11: The Company’s board of directors resolved to ask TPK HK to acquire 100% of TPKF’s shares from TPKF HK in order to simplify its organizational structure, and the acquisition process was completed on September 25, 2020. The Company resolved to dissolve and liquidate TPKF HK. As of March 11, 2021, the dissolution and liquidation procedures were not completed.

(Concluded)

TABLE 8

TPK HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands)

| Investee Company | Main Business and Products | Paid in Capital (Notes 1 and 2) | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 2) | Net Income (Loss) of the investee (Note 3) | % Ownership of Direct or Indirect Investment | Investment Income (Loss) Recognized (Notes 3 and 5) | Carrying Amount as of December 31, 2020 (Note 2) | Accumulated Repatriation of Investment Income as of December 31, 2020 (Note 3) |
|------------------|------------------------------------------------------------------------------|----------------------------------------------|----------------------|---------------------------------------------------------------------------------|---------------------|--------|--------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|-----------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------|
| | | | | | Outward | Inward | | | | | | |
| TPKC | Touch related material sales and machinery manufacture, wholesale and retail | NT\$ 6,931,861 (approximately US\$ 243,394) | Direct investment | \$ - | \$ - | \$ - | \$ - | NT\$ 801,030 (approximately US\$ 27,046) | 100.00 | NT\$ 801,030 (approximately US\$ 27,046) | NT\$ 33,835,152 (approximately US\$ 1,188,032) | \$ - |
| TPKL | Optical glass processing and sales | - | Direct investment | - | - | - | - | NT\$ (12) (approximately US\$ -) | 100.00 (Note 6) | NT\$ (12) (approximately US\$ -) | - | - |
| TPKS | Touch modules research, development, manufacture and sales | NT\$ 712,000 (approximately US\$ 25,000) | Direct investment | - | - | - | - | NT\$ 655,004 (approximately US\$ 22,115) | 100.00 | NT\$ 655,004 (approximately US\$ 22,115) | NT\$ 3,207,222 (approximately US\$ 112,613) | - |
| RSO | Optical glass processing and sales | - | Direct investment | - | - | - | - | NT\$ (7) (approximately US\$ -) | 100.00 (Note 6) | NT\$ (7) (approximately US\$ -) | - | - |
| TPKG | Optical glass processing and sales | NT\$ 10,589,434 (approximately US\$ 371,820) | Direct investment | NT\$ 378,784 (approximately US\$ 13,300) | - | - | NT\$ 378,784 (approximately US\$ 13,300) | NT\$ (132,042) (approximately US\$ -4,458) | 100.00 | NT\$ (132,042) (approximately US\$ -4,458) | NT\$ 929,577 (approximately US\$ 32,640) | - |
| MTOH | Touch modules research, development, manufacture and sales | NT\$ 2,449,280 (approximately US\$ 86,000) | Direct investment | - | - | - | - | NT\$ 158,221 (approximately US\$ 5,342) | 100.00 | NT\$ 165,891 (approximately US\$ 5,601) | NT\$ 1,136,797 (approximately US\$ 39,916) | - |
| TPKP | Touch modules research, development, manufacture and sales | NT\$ 6,232,905 (approximately US\$ 218,852) | Direct investment | - | - | - | - | NT\$ (804,368) (approximately US\$ -27,159) | 100.00 | NT\$ (804,368) (approximately US\$ -27,159) | NT\$ (3,490,273) (approximately US\$ -122,552) | - |
| TPKM | Touch related electronic materials manufacture | NT\$ 99,680 (approximately US\$ 3,500) | Direct investment | - | - | - | - | NT\$ 19,747 (approximately US\$ 667) | 100.00 | NT\$ 19,747 (approximately US\$ 667) | NT\$ 280,529 (approximately US\$ 9,850) | - |
| TPKMS | Trade | NT\$ 6,417 (approximately US\$ 225) | Direct investment | - | - | - | - | NT\$ (2,247) (approximately US\$ -76) | 100.00 | NT\$ (2,247) (approximately US\$ -76) | NT\$ 4,888 (approximately US\$ 172) | - |
| TPKD | Touch modules research, development, manufacture and sales | NT\$ 3,643,488 (approximately US\$ 127,931) | Direct investment | - | - | - | - | NT\$ 183,599 (approximately US\$ 6,199) | 100.00 | NT\$ 183,599 (approximately US\$ 6,199) | NT\$ 13,990,602 (approximately US\$ 491,243) | - |
| TPKJ | Protective film and optical adhesive manufacture and sales | NT\$ 102,528 (approximately US\$ 3,600) | Direct investment | - | - | - | - | NT\$ 578,072 (approximately US\$ 19,518) | 100.00 | NT\$ 577,031 (approximately US\$ 19,483) | NT\$ 1,772,004 (approximately US\$ 62,219) | - |

(Continued)

| Investee Company | Main Business and Products | Paid in Capital (Notes 1 and 2) | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 2) | Net Income (Loss) of the investee (Note 3) | % Ownership of Direct or Indirect Investment | Investment Income (Loss) Recognized (Notes 3 and 5) | Carrying Amount as of December 31, 2020 (Note 2) | Accumulated Repatriation of Investment Income as of December 31, 2020 (Note 3) |
|------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------|---------------------------------------------------------------------------------------------|---------------------|--------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| | | | | | Outward | Inward | | | | | | |
| TPKF | Research and development, manufacturing and sale of touch modules and resin products | NT\$ 1,165,117 (approximately US\$ 40,910) | Direct investment | \$ - | \$ - | \$ - | \$ - | NT\$ 9,135 (approximately US\$ 308) | 100.00 | NT\$ 9,135 (approximately US\$ 308) | NT\$ 118,313 (approximately US\$ 4,154) | \$ - |
| TPKMT | Touch related electronic material manufacture | NT\$ 284,800 (approximately US\$ 10,000) | Direct investment | - | - | - | - | NT\$ 632 (approximately US\$ 21) | 100.00 | NT\$ 632 (approximately US\$ 21) | NT\$ 299,334 (approximately US\$ 10,510) | - |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 | Investment Amount Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Notes 2 and 4) |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| - | - | NT\$1,122,013 (approximately US\$39,397) |

- Note 1: It is calculated based on historical cost.
- Note 2: The exchange rate from U.S. dollars to New Taiwan dollars as of December 31, 2020 was US\$1=NT\$28,48.
- Note 3: The average exchange rate from U.S. dollars to New Taiwan dollars for the year ended December 31, 2020 was US\$1=NT\$29.6175.
- Note 4: The limit cannot exceed 60% of TPKT’s net asset value as of December 31, 2020.
- Note 5: The investee company’s financial report was audited by parent company’s auditors.
- Note 6: In order to simplify its organizational structure, the Company’s board of directors resolved to dissolve and liquidate TPKL and RSO, which has finished in March 2020.

(Concluded)

TABLE 9**TPK HOLDING CO., LTD. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands)**

| No. (Note 1) | Company Name (Note 2) | Counterparty (Notes 2) | Relationship (Note 3) | Transactions Details | | | | |
|-----------------|-----------------------|------------------------|--------------------------|--------------------------------------|-----------------------------------|---------------|-------------------|--------------------------------------------------------------------------------|
| | | | | Financial Statements Account | Amount (Approximately US\$) | Amount (NT\$) | Terms (Note 4) | Percentage of Consolidated Total Gross Sales or Total Assets (Note 5) |
| 1 | TPKH | TPK HK | 1 | Short-term borrowings | \$ 234,000 | \$ 6,664,320 | | 7.97 |
| 2 | UYH | TPK HK | 3 | Long-term borrowings | 30,000 | 854,400 | | 1.02 |
| 3 | TPKA | TPK HK | 3 | Loan to related parties - long-term | 28,000 | 797,440 | | 0.95 |
| | | TPK HK | 3 | Loan to related parties - short-term | 39,000 | 1,110,720 | | 1.33 |
| 4 | TPKT | TPK HK | 3 | Loan to related parties - short-term | 20,000 | 569,600 | | 0.68 |
| 5 | TPKC | TPKS | 3 | Loan to related parties - short-term | 6,211 | 176,886 | | 0.21 |
| | | TPKS | 3 | Short-term borrowings | 25,450 | 724,816 | | 0.87 |
| | | TPKS | 3 | Trade payables | 13,516 | 384,931 | | 0.46 |
| | | TPKS | 3 | Purchase | 37,738 | 1,117,708 | | 0.98 |
| | | TPKU | 3 | Sales | 6,662 | 197,314 | | 0.17 |
| | | TPKG | 3 | Loan to related parties - short-term | 97,116 | 2,765,855 | | 3.31 |
| | | TPKG | 3 | Purchase | 17,826 | 527,949 | | 0.46 |
| | | TPKG | 3 | Sales | 4,837 | 143,265 | | 0.13 |
| | | TPK HK | 3 | Loan to related parties - short-term | 96,670 | 2,753,150 | | 3.29 |
| | | TPK HK | 3 | Trade receivables, net | 353,591 | 10,070,265 | | 12.04 |
| | | TPK HK | 3 | Trade payables | 13,062 | 372,000 | | 0.44 |
| | | TPK HK | 3 | R&D expense | 17,038 | 504,622 | | 0.44 |
| | | TPK HK | 3 | Purchase | 138,051 | 4,088,723 | | 3.57 |
| | | TPK HK | 3 | Sales | 1,203,078 | 35,632,166 | | 31.10 |
| | | MTOH | 3 | Loan to related parties - short-term | 39,668 | 1,129,736 | | 1.35 |
| | | TPKP | 3 | Loan to related parties - short-term | 222,038 | 6,323,655 | | 7.56 |
| | | TPKP | 3 | Purchase | 4,265 | 126,316 | | 0.11 |
| | | TPKM | 3 | Short-term borrowings | 3,575 | 101,802 | | 0.12 |
| | | TPKD | 3 | Other current assets | 3,336 | 95,010 | | 0.11 |
| | | TPKD | 3 | Loan to related parties - short-term | 46,986 | 1,338,174 | | 1.60 |
| | | TPKD | 3 | Rental revenue | 5,577 | 165,171 | | 0.14 |
| | | TPKD | 3 | Sales | 3,900 | 115,495 | | 0.10 |
| | | TPKD | 3 | Non-operating income | 8,289 | 245,494 | | 0.21 |
| | | TPKJ | 3 | Short-term borrowings | 17,495 | 498,261 | | 0.60 |
| | | TPKJ | 3 | Trade payables | 12,282 | 349,791 | | 0.42 |
| | | TPKJ | 3 | Purchase | 62,591 | 1,853,781 | | 1.62 |
| | | TPKMT | 3 | Short-term borrowings | 6,934 | 197,470 | | 0.24 |

(Continued)

| No. (Note 1) | Company Name (Note 2) | Counterparty (Notes 2) | Relationship (Note 3) | Transactions Details | | | | |
|-----------------|-----------------------|------------------------|--------------------------|------------------------------|-----------------------------------|---------------|-------------------|--------------------------------------------------------------------------------|
| | | | | Financial Statements Account | Amount (Approximately US\$) | Amount (NT\$) | Terms (Note 4) | Percentage of Consolidated Total Gross Sales or Total Assets (Note 5) |
| 6 | TPKS | TPK HK | 3 | Trade receivables, net | \$ 34,250 | \$ 975,432 | | 1.17 |
| | | TPK HK | 3 | Trade payables | 12,683 | 361,224 | | 0.43 |
| | | TPK HK | 3 | Purchase | 103,910 | 3,077,561 | | 2.69 |
| | | TPK HK | 3 | Sales | 207,983 | 6,159,923 | | 5.38 |
| | | TPKJ | 3 | Trade payables | 4,983 | 141,904 | | 0.17 |
| | | TPKJ | 3 | Purchase | 22,362 | 662,301 | | 0.58 |
| 7 | TPKG | TPK HK | 3 | Short-term borrowings | 70,000 | 1,993,600 | | 2.38 |
| | | TPKD | 3 | Trade receivables, net | 7,058 | 201,004 | | 0.24 |
| | | TPKD | 3 | Sales | 36,009 | 1,066,507 | | 0.93 |
| 8 | TPK HK | MTOH | 3 | Trade payables | 33,214 | 945,949 | | 1.13 |
| | | MTOH | 3 | Purchase | 94,903 | 2,810,790 | | 2.45 |
| | | MTOH | 3 | Sales | 4,947 | 146,516 | | 0.13 |
| | | TPKD | 3 | Trade receivables, net | 124,112 | 3,534,719 | | 4.23 |
| | | TPKD | 3 | Trade payables | 351,853 | 10,020,766 | | 11.98 |
| | | TPKD | 3 | Purchase | 1,992,782 | 59,021,231 | | 51.51 |
| | | TPKD | 3 | Sales | 1,244,236 | 36,851,145 | | 32.16 |
| 9 | MTOH | TPKP | 3 | Purchase | 9,151 | 271,035 | | 0.24 |
| 10 | TPKD | TPKJ | 3 | Trade payables | 13,384 | 381,171 | | 0.46 |
| | | TPKJ | 3 | Purchase | 79,334 | 2,349,670 | | 2.05 |
| | | TPKJ | 3 | Non-operating income | 7,450 | 220,640 | | 0.19 |
| 11 | TPKJ | TPKJ HK | 3 | Purchase | 8,333 | 246,805 | | 0.22 |

Note 1: The parent company is indicated by “1”, while all other numbers indicate subsidiaries.

Note 2: The Company name and counterparty are listed in Note 12 to the financial statements.

Note 3: No. 1 represents the transactions from parent company to subsidiary.
No. 2 represents the transactions from subsidiary to parent company.
No. 3 represents the transactions between subsidiaries.

Note 4: The sales prices and payment terms of intercompany sales and purchases were not significantly different from those transactions with third parties. For other intercompany transactions, prices and terms are determined based on mutual agreements.

Note 5: Other transactions that were less than 0.1% of total assets or sales are not disclosed.

Note 6: Intercompany balances and transactions were eliminated upon consolidation.

(Concluded)

TABLE 10**TPK HOLDING CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

| Name of Major Shareholder | Shares | |
|---------------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Max Gain Management Limited | 25,222,643 | 6.20 |
| Capable Way Investments Limited | 23,139,855 | 5.69 |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.