Stock Code: 2338

Taiwan Mask Corporation

2020 Annual Report

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Website to access the annual report of Taiwan Mask Corporation:
https://www.tmcnet.com.tw/StockInfo.aspx

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V. Name of overseas exchange where securities are listed, and method of inquiry: Not applicable.

VI. Company's website: http://www.tmcnet.com.tw

Taiwan Mask Corporation
Annual Report Table of Contents

One. Letter to Shareholders 1

Two. Company Profile 4

Three. Corporate Governance Report 8

I. Organizational system **8**

II. Profile of directors, president and vice presidents **10**

III. Remuneration paid during the most recent fiscal year to directors of the board (including independent directors), the general manager, and vice general managers **18**

IV. Implementation status of Corporate Governance **26**

V. Information on professional fee of accountant **70**

VII. Information on the chairman, general manager, manager in charge of financial or accounting affairs of the Company who has worked in the accounting firm or an affiliated company of the certified accountant for the past one year **71**

VIII. Status of any equity transferred and changes in pledge of stock rights in recent years and until the publication date of the annual report by directors, independent directors, managers and shareholders with over 10% shares **72**

IX. Top ten shareholders by shareholding proportion and information of relationships among them **74**

X. Company, company's directors, managers and businesses in direct or indirect control by the company, their number of shares of the reinvested businesses, and the consolidated calculation of the comprehensive shareholding ratio **74**

Four. Financing Activities 76

I. Capital and shares **76**

II. Handling situation of corporate bonds **86**

III. Preferred shares **86**

IV. Overseas depositary receipts. **86**

V. Employee stock warrants and employee new restricted shares **86**

VI. Merger or acquisition, issue of new shares in connection with the acquisition of shares of another company **86**

VII. Financing plans and implementation **86**

Five. Overview of operations 87

I. Business Activities **87**

II. Status of the market and production/sales **91**

III. Employee information **97**

IV. Expenditures on environmental protection **98**

V. Labor relations information **99**

VI. Important contracts **101**

Six. Overview of Financial Status 102

I. Information on condensed balance sheets and statements of comprehensive income for the past five fiscal years **102**

II. Financial analysis for the past five fiscal years **106**

III. Audit Committee's audit report of the Financial Statements for the most recent fiscal year **111**

IV. Latest financial report **74**

V. Standalone financial report for the most recent fiscal year audited and validated by a certified public accountant **173**

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation **267**

Seven. Review and Analysis of Financial Position and Financial Performance and Risks 268

I. Financial position **268**

II. Financial performance **270**

III. Cash flow **271**

IV. Effects of major capital expenditures on finance and operation in the most recent fiscal year **271**

V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the generated profits/losses, the plan for improving re-investment profitability and investment plans for the coming year **272**

VI. Analysis and assessment of risks **273**

VII. Other important matters **280**

Eight. Special Items to be Included 281

I. Information of affiliated companies **281**

II. Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report..... 288

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year and up to the date of publication of the annual report: 288

IV. Other supplementary information..... 288

V. Situations listed in Article 36, paragraph 2, sub-paragraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed 288

One.Letter to Shareholders

To begin with, I would like to express my appreciation to all shareholders for your support! In 2020, the global semiconductor industry was affected by the trade war between the United States and China as well as the underlying impact of the COVID-19 pandemic, which resulted in various uncertainties. As a result, the layout of the manufacturing chain has changed, and product applications have also changed significantly to address an evolving way of life. With its strong heritage in semiconductor mask manufacturing, Taiwan Mask Corporation was able to react quickly to the change, reduce adverse factors derived from the change, implement strategies to cope with the change, and achieve good results in the second half of 2020.

The Company's 2020 consolidated net operating revenue has reached NT$4,666,756 thousand, a growth rate of 34.54% from the previous year; Net income is at NT$486,307 thousand with a growth rate of 55.90% from the previous year, after-tax EPS is at NT$3.34. In terms of operational performance, we are improving manufacturing quality, shortening lead times and reducing manufacturing costs by strengthening organizational functions and transforming management systems. Taiwan Mask Corporation has successfully deployed mid-range photomask manufacturing services and expanded its photomask foundry services to strategic partners, significantly increasing its revenue and profitability.

(I) 2020 Business Report:

1. 2020 Consolidated revenues, net income, and comparison with 2019:

Unit: NT$Thousand

General ledger account	2020	2019	Growth rate
Operating revenue	4,666,756	3,468,682	34.54%
Net income (loss)	486,307	311,940	55.90%

2. Financial revenue, expenditure and profitability analysis

(1) Financial performance

The Company upholds to the principle of steady management. This is reflected in the equity ratio reaching 39% in 2020 with current ratio as high as 66.33%, showing a sound financial position in each category. There is sufficient capital to provide for the operations requirements.

(2) Profitability analysis

Unit: NT$Thousand

Items	2020	2019	Growth rate
Gross profit	943,086	612,402	54.00%
Operating profit	344,153	7,329	4,595.77%
Pre-tax profit	630,541	374,517	68.36%
Net income	486,307	311,940	55.90%
Basic after-tax EPS	3.34	2.19	52.51%

3. Technology research and development

Taiwan Mask Corporation (TMC) is committed to new market development, new technology

layout to satisfy the product demands of customers, and continues to optimize its current mature technology production lines, elevating its manufacturing quality and production efficiency with effective management of its manufacturing costs meeting the set targets of operations. Its subsidiary, Miracle Tech, has successfully expanded its business, developing new customer sources and new markets, continues to strengthen its foundry service capability. Innova Vision focuses on new product design and introduction to markets. Aptos Technology INC. (Aptos Tech) is actively developing in the discipline of new packaging and testing service on top of continuing its original packaging and testing service. It is expected to change the production application discipline at a suitable time to turn losses into profits.

In terms of R&D outcomes, the Company has in 2019 actively invested in the research and development of a 12-inch wafer plant for photomask product in response to integrated circuit technology production demands. The Company has begun to purchase new equipment since 2019. At present, the installation and testing of some machines have been completed, and some orders have been accepted for manufacturing starting Q2 2020. In addition, the company has begun to develop 40/28 nm photomask products, which will improve the company's technological capabilities and market competitiveness in the future.

4. Production and manufacturing service

For the year 2020, the Company has its photomask core business continue to heighten its manufacturing quality, reduce manufacturing cost, strengthen customer service, improve automation efficiency and increase output. Therefore, it has earned customer recognition and long-term support. Under the collaboration with subsidiary Miracle Tech, the Company won orders for photomasks from a China design company and numerous wafer plants. Our photomask manufacturing service is based on integrity and on this basis, promotes a closer collaborative relationship with these wafer plants. Concurrently, the company actively expands the markets in Singapore, Korea and Malaysia and has obtained good growth results. Besides the silicon wafer photomask market, the sales team has successfully developed photomask businesses for compound semiconductor and is gradually on a steady growth.

(II) Summary of 2021 Business Plan

1. The Company plans to continue to strengthen its operations, quality improvements, optimize production capability layout, lower manufacturing cost, heighten customer service, and to maximize current production line’s performance.
2. Continue to develop photomask needed for related technology of integrated circuit 40 nano cell: In response to demands by 12-inch wafer producing products at 90 nanometer (nm) and below, the Company plans to expand its facility and develop 40 nm technology, in order to expand 12-inch wafer’s photomask manufacturing service.
3. Continue to expand compound semiconductor and large size photomask business: Besides the traditional silicon wafer photomask business, there are plans to expand the photomask business required by the compound semiconductor market and packaging and testing market (large size photomask).
4. The Group’s synergy integration and full performance: Under the foundation of photomask service by

the parent company, combining with its subsidiaries, including the foundry management service by Miracle Tech, packaging and testing service by Aptos Tech to contact lenses by Innova Vision, there are expectations to create more values for shareholders through the Group's internal collaborations and the effective sharing of resources and management.

(III) Future development strategies, impact of the competitive environment, regulatory environment, and the overall business environment

1. Future development strategies

The Company continues to heighten its operations capability and strengthen its customer service for its core business of photomask. Products with related applications to integrated circuits continue to grow, thus, demands for photomask also undergo continuous growth. TMC has over the past years, layout in mature photomask manufacturing service and markets possessing the level of capability and advantage. Following the increase in global 12-inch wafer production and applications, TMC has invested in production machinery and related technology development at suitable times and levels to make gradual growth adopting an operation strategy of steadiness and step-by-step. Subsidiary Miracle Tech has effectively raised sales gross profit margin by actively expanding its customers and service content.

2. Impact of the competitive environment, regulatory environment, and the overall business environment

There is a close relationship between the development of the photomask industry and semiconductor industry. Continuous growth in 5G, AI, IOT, High Performance Computing markets and applications in recent years, has also driven the semiconductor and related industry to boom. TMC is able to provide the best photomask manufacturing service to the design companies of semiconductor or integrated circuits. On top of that, the subsidiaries including Miracle Tech and Aptos Tech of the Group, each of them focuses on semiconductor related technology or manufacturing services. Each of the companies within the Group also strictly adheres to the rules of corporate governance and continues to strengthen its operations performance. It is worth expecting their future growth momentum.

Best wishes to all valued shareholders.

Chairman: Cheng-Hsiang Chen

Two. Company Profile

I. Date of incorporation

October 21, 1988

II. Company history

1988/04/01 Initiated by Industrial Technology Investment Corporation (ITIC), the Preparatory Committee selected Mr. Chin-Tai Shih as the Chairperson and hired Mr. Parkson Chen as Director of Preparatory Office.

1988/05/04 Approved by the Science and Industrial Park for meeting the requirements as stipulated in Article 3 on "Approval for investment and establishment within the Science and Industrial Park" of the Industrial Park's Establishment Management Regulations.

1988/10/07 The organizers approved the Company Charter and elected directors and supervisors during the meeting. The nine elected directors are Chung-Mou Chang, Chin-Tai Shih, Ching-Chu Chang, Pao-Hsi Chang, Fan-Cheng Tseng, Hsien-Hsiung Huang, Chi-Lin Chiang, Jui-Yu Kuo, Parkson Chen, and three elected supervisors are Min-Chan Chen, K.J. Wu, and Mei-Li Tsai. The Board of Directors selected Mr. Chin-Tai Shih as Chairperson and hired Mr. Parkson Chen as General Manager.

1988/10/21 Acquired official company license.

1989/03/04 Obtained approval from Hsinchu Science Park for a land of 0.96 hectares for use of factory construction.

1989/03/24 Obtained certificate of business registration approved by the Local Tax Bureau Hsinchu City, and the first business invoice (Government Uniform Invoice) was issued on the same day on March 31.

1989/08/18 Chairperson Mr. Chin-Tai Shih resigned from the chairperson position and was succeeded by Mr. Chi-Mo Wang.

1989/09/18 Groundbreaking ceremony for the Company's new factory site in Hsinchu Science Park.

1989/11 The Company purchased its second electron beam exposure system.

1990/03/16 Approved by Securities and Futures Bureau (SFB) as a company with initial public offering of stocks.

1990/04/03 Joint meeting of directors and supervisors during the 1st Term 5th Meeting passed the resolution for cash capital increase of NT$262,500,000 and collected in full on June 5 of the same year.

1991/04/02 Changing the company's authorized capital stock to NT$500,000,000 due to long-term development needs of the company was approved at the Shareholders' Meeting.

1991/07/22 The Company's newly-built factory in Hsinchu Science Park was completed for use.

1992/06 Completed outsourced manufacturing of 4 M DRAM photomask by Electronics Institute of Industrial Technology Research Institute (ITRI), proven the strength and ability of submicron development in Taiwan.

1992/08/24	Entered into a contract agreement with Japan's ICA company to purchase CORE-2564 laser-beam mask/reticle lithography system made by ETEC company to meet the requirements in industrial developments of integrated circuit for 16 M DRAM and 64 M DRAM.
1993/10	ICS company of the United States came to Taiwan to present the Zero-Defect Quality Award to the Company, in recognition of the Company's speedy delivery of goods and great quality with zero defects.
1994/01	Collaborated with Electronics Institute of Industrial Technology Research Institute (ITRI) to co-develop finished photomask products for Liquid Crystal Display (LCD) usage and to formally supply them to LCD manufacturers.
1994/05	The newly purchased CORE-2564 laser-beam mask/reticle lithography system arrived at the factory. It was the newest model at that time with added computerized rapid processing function and it allowed development of Phase Shift Mask.
1994/11/21	The Company was approved by the 235th Meeting of the Marketable Securities Listing Committee of the Taipei Stock Exchange Corporation (TWSE) and agreed for the Company's stock to be listed as Class II stocks. Officially listed on April 17, 1995.
1995/02/13 ~ 1995/03/14	The Company's stocks were co-handled with the eleven securities underwriter of CTBC Securities on matters of public sale prospectus prior to listing, the negotiated sale price was NT$47 per share. All matters of the sale were completed on March 14, 1995, and on March 27 of the same year submitted a declaration to TWSE for official listing on April 17.
1995/05/13	The Company had purchased a large-size exposure machine which arrived at the factory for set-up, becoming the first company in Taiwan to be able to provide large-size photomasks needed by LCD.
1995/06/06	The shareholders' meeting approved increasing the authorized capital stock to NT$700,000,000.
1995/10/17	Purchased the third CORE2564 machine to the factory for set-up.
1996/01/05	The Securities and Futures Bureau (SFB) approved the Company's cash capital increase of NT$85,437,500. The offering was completed on April 2, 1996.
1996/06/01	The shareholders' meeting approved increasing the authorized capital stock to NT$1,000,000,000.
1996/06/27	The Company purchased electron beam exposure system equipment produced by Japan's electro-optical company which arrived at the factory for set-up. The machine's model is JBX-7000MV, which was designed especially for the production of 64M and 256M DRAM. The Company had introduced a variable shaped beam exposure system for the first time, along with the available equipment at that time, it brought the Company's production method at that time into a new era.
1996/07/08	The Company signed a collaborative agreement with United Microelectronics Corporation (UMC) for 0.35 micrometer (μm) photomask mass production. UMC to purchase one 0.35 μm processing photomask exposure machine to be placed at the Company in 1997. The Company was then responsible for management of the production and manufacturing, supplying photomask to UMC's 8-inch wafer factory.

1996/08/02 The laser-beam mask/reticle lithography system made by U.S.A.'s ETEC company that the Company purchased had arrived at the factory for installation. The system model was ALTA-3000 which was considered as the newest precision equipment model at that time, a model type designed specifically for 0.35 μm manufacturing for mass production and 0.25 μm manufacturing development. This machine system provided abundant support and supply to the Company in supplying photomask to 8-inch integrated circuit factories.

1996/11/09 Joint meeting of directors and supervisors during the 3rd Term 14th Meeting had approved cash capital increase of NT$119,228,750, actual paid-in capital after capital increase was NT$1,100,000,000.

1997/05/21 The convening of the 1997 Shareholders' Meeting had approved increasing the authorized capital stock to NT$2,500,000,000, 4th Term Election of Directors and Supervisors with Mr. Chi-Mo Wang's reappointment as the 4th Term Chairperson.

1997/07/23 Groundbreaking ceremony for the Company's second factory, expected year of completion was 1998.

1998/05/21 The 1998 shareholders' meeting approved increasing the authorized capital stock to NT$2,700,000,000.

1999/05/05 The 1999 shareholders' meeting approved increasing the authorized capital stock to NT$3,891,000,000.

2000/04 The laser-beam mask/reticle lithography system made by U.S.A.'s ETEC company that the Company purchased was the ALTA-3500 model. It was a model type designed specifically for 0.18 μm manufacturing for mass production and 0.15 μm manufacturing development.

2000/06/12 The 2000 shareholders' meeting approved the merger with Hsintai Technology Company Limited and increased the authorized capital stock to NT$4,500,000,000. Election of the 5th Term directors and supervisors took place during the meeting, with Mr. Shan-Ko Hsu elected to chairperson.

2000/12/01 Baseline date for merger of Hsintai Technology Company Limited.

2001/04/24 The 2001 shareholders' meeting approved increasing the authorized capital stock to NT$5,200,000,000. By-election for the 5th Term directors and supervisors took place due to resignation of one director and one supervisor from Wensheng Investment Company and ITIC respectively. After the by-election, Biyou Electronics Industrial Company and Tech Alliance Corp. took up positions of director and supervisor respectively.

2002/03 The Company's second factory had completed construction and was in usage.

2003/06/03 The 2003 shareholders' meeting elected 6th Term directors and supervisors, Mr. Shan-Ko Hsu was reappointed to 6th Term chairperson.

2006/06/12 The 2006 shareholders' meeting elected 7th Term directors and supervisors, Mr. Shan-Ko Hsu was reappointed to 7th Term chairperson.

2009/06/10 The 2009 shareholders' meeting elected 8th Term directors and supervisors, Mr. Shan-Ko Hsu was reappointed to 8th Term chairperson.

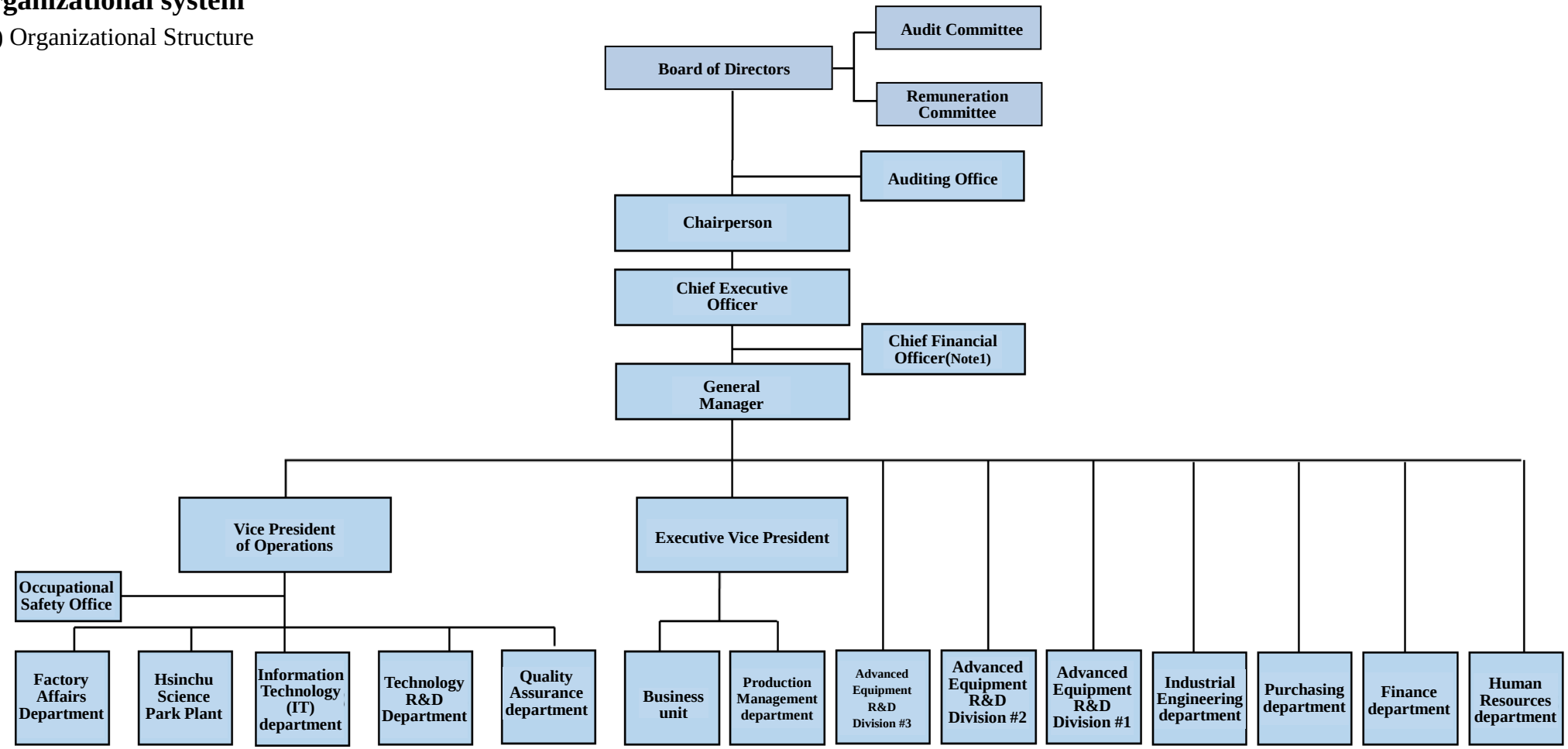
2012/06/28 The 2012 shareholders' meeting elected 9th Term directors and supervisors, Mr. Parkson Chen

	was elected to 9th Term chairperson.
2015/06/25	The 2015 shareholders' meeting elected 10th Term directors, independent directors and supervisors, Mr. Parkson Chen was elected to 10th Term chairperson.
2017/06/23	The 2017 shareholders' meeting elected 11th Term directors, independent directors and supervisors, Mr. K.J. Wu was elected to 11th Term chairperson.
2017/10/01	Baseline date for merger of Miracle Technology CO., LTD. (Miracle Tech).
2018/08/09	The Board of Directors passed the resolution to acquire equity of Weida Hi-Tech Company by cash.
2019/05/03	Innova Vision INC. organized cash capital increase by issuance of new shares on May 3, 2020. The Group has not executed based on shares proportion. Therefore, the Group has lost control of this company and Innova Vision INC. is not a subsidiary of the Group now.
2019/06/28	Aptos Technology INC. held elections for all directors. The Company's subsidiary Youe Chung Capital Corporation won more than half of the director seats obtaining actual control of this company. It will then be included as a subsidiary of the Group from this date onwards.
2020/03/18	A special meeting of the shareholders was convened in 2020 for election of 12th Term directors. Mr. Michael Tsai was elected to 12th Term chairperson.
2020/04/10、2020/05/15、2020/06/02	Weida Hi-Tech Company issued new stocks for cash capital increase separately on April 10, 2020 and May 15, 2020. The Group did not keep up with the subscription for shareholding, which caused the shareholding to drop to 36.7%. Weida Hi-Tech Company then held an extraordinary general meeting of shareholders on June 2, 2020 to elect new directors. The Company won one seat of director and lost the control of the Weida.
2020/11/04	The board approved of the appointment of Mr. Cheng-Hsiang Chen as the Company's chairman of the 12th batch.
2020/12/16	Innova Vision held an extraordinary general meeting of shareholders on December 16, 2020 to elect new directors. The Company's subsidiary Youe Chung Capital Corporation won all of the director seats, obtaining substantial control of this company. It will then be included as a subsidiary of the Group from this date onwards.

Three. Corporate Governance Report

I. Organizational system

(I) Organizational Structure



Note1：The CFO is mainly responsible for the integration of the group's financial resources. For each company in the group (including the company), the financial personnel or departments that have been set up are still responsible for handling the relevant financial matters of each company, and they are submitted level by level in accordance with the approval authority set by each company.After verification, the CFO will report the relevant implementation situation to the CEO.

(II) Business operations of main departments

Main departments	Main duties of each department	Main departments	Main duties of each department
Auditing Office	Audit the internal control operations, assess the soundness and effectiveness of internal controls and the accuracy of financial and accounting information.	Production Management department	Production schedule, import-export, storage and transportation business, testing and certification of photomask.
Industrial Safety division	Management of labor occupational safety and health.	Advanced Equipment R&D Division #1	Development of advanced equipment and products for contact lenses.
Factory Affairs Department	Controls electricity, air-conditioning and clean room and is responsible for the shift scheduling, meter reading and agents reserves of various system equipment, and is capable of understanding and handling the system issues in a timely manner. Perform primary and secondary maintenance and inspection of system equipment, environmental management system and occupational safety and health-related works, contracting of secondary distribution, buildings and project construction and the related supervision, trial run and acceptance. Analyze and understand the system euipment and improve the operating conditions and the emergency responses to various incidents.	Advanced Equipment R&D Division #2	Development of automation equipment.
Hsinchu Science Park Plant	Production management of photomask. Inspection and repair of photomask manufactured, control and management of production cost, production efficiency improvement, manufacturing equipment maintenance and handle process exceptions.	Advanced Equipment R&D Division #3	Development of new business materials.
Information Technology (IT) department	CAD technology development, engineering computer software development, maintenance and computer management, maintenance. Coding development, supporting customers information correction and service, providing MIS information.	Industrial Engineering department	Work standardization, simplifying, process analysis and optimization, investment analysis, cost analysis.
Technology R&D Department	R&D of advanced manufacturing technology of photomasks. Assessment, development and incorporation of advanced photomask machine and materials, customer new product certification and introduction, discussion of customer technical issues.	Purchasing department	Material, machines and general purchase business.
Quality Assurance department	Formulating product specification, quality guarantee planning, customer service.	Finance department	Financial scheduling, fund management, collection, production and analysis of accounting information, shareholder services related business.
Business unit	Product sales, market research and development.	Human Resources department	Human resources and salary, recuiting, administration, education and training, general affairs.

II. Profile of directors, president and vice presidents

(I) Information on presdent and vice presidents

April 2, 2021

Job title	Nationality	Name	Gender	Date elected/appointed	Shareholding		Shares held by spouse, underage dependents		Shares held in the names of others		Main career (academic) backgrounds	Concurrent Position in Other Companies	Managers who are Spouse or Blood Relatives Within the Second Degree			Note
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Chief Executive Officer	Republic of China	K.J. Wu	Male	2020/1/15	5,311,253	2.10%	1,064,000	0.42%	-	-	MBA, University of Maryland, United States of America; Director, Finance Office, ITRI Chairperson, Taiwan Mask Corporation	Chairman of Taiwan Mask Charity Foundation	-	-	-	-
General Manager	Republic of China	Lidon Chen	Male	2020/1/15	2,000,000	0.79%	0	0%	-	-	Master's, Department of Atmospheric Sciences, National Central University General Manager of Xintec Inc. General Manager of DelSolar Co., Ltd.	Chairperson, Xsense Technology	-	-	-	-
Executive Vice General Manager	Republic of China	Vincent Tsai	Male	2017/10/25	434,255	0.17%	943,028	0.37%	-	-	Doctoral degree, Department of Electrical Engineering, National Central University Chairperson, Miracle Technology CO., LTD.	Director, Youe Chung Capital Corporation	-	-	-	-
Vice General Manager of Operations	Republic of China	Nester Huang	Male	2020/2/20	857,000	0.34%	0	0%	-	-	Bachelor degree, Department of Applied Physics, Tunghai University Director of Manufacturing (Back-end processes), Micron Technology, Inc. General Manager, JCET Group Co., Ltd.	Director of Aptos Technology INC.	-	-	-	-
Vice General Manager of Finance	Republic of China	Eve Yang	Female	2020/3/17	1,167,000	0.46%	0	0%	-	-	MBA, University of North Alabama, USA Vice President of Finance, FOCI Fiber Optic Communications, Inc.	Supervisor of Xsense Technology	-	-	-	-

Note: There are no situations where the aforementioned personnel are the same person as the Chairperson, or is a spouse or first-degree relative of the Chairperson. Executive Vice President Vincent Tsai retired on April 15, 2021.

(II) Profile of directors and independent directors

April 2, 2021

Job title	Nationality or Place of Registration	Name	Gender	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Note
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Chairperson	Republic of China	Cheng-Hsiang Chen	Male	2020/3/18	3 Years	2020/3/18	2,000,000	0.79%	2,000,000	0.79%	-	-	-	-	Syracuse University, MS. Computer Science Director, Tachun Venture Capital Co., Ltd. Director, Ontario Technology Corporation Chief Executive Officer, xFuture Ltd. Executive Vice President, GLMS Group (NTT Com Asia Partner) Director of Business Unit, AVerMedia Technologies, Inc. Chief Executive Officer and Co-Founder, Goosean Media Inc. Assistant Vice President, Sales Consultation, Oracle Corporation Asia Pacific, Greater China region Manager, Application Software Development Group, Oracle Corporation USA Headquarter IT Manager, Taiwan Semiconductor Manufacturing Company Limited	Chairperson, Taiwan Mask Corporation Chairperson and General Manager, Browave Corporation Chief Executive Officer, USA's N2 ConnectiVity Inc Director, Xsense Technology Corp. (B.V.I.) Taiwan Branch Chairperson, Jaas data inc. Director of Xsense Technology Chairman, Ontario Technology Corporation	-	-	-	-
Director	Republic of China	Lidon Chen	Male	2020/3/18	3 Years	2020/3/18	0	0%	2,000,000	0.79%	-	-	-	-	Master's, Department of Atmospheric Sciences, National Central	Director, Taiwan Mask Corporation General Manager, Taiwan Mask Corporation	-	-	-	-

Job title	Nationality or Place of Registration	Name	Gender	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Note
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
															University General Manager of Xintec Inc. General Manager of DelSolar Co., Ltd.	Chairperson, Xsense Technology				
Director	Republic of China	Chao-Yi Wu	Female	2020/3/18	3 Years	2020/3/18	8,907,000	3.52%	8,907,000	3.53%	341,000	0.13%	-	-	Master's degree, Cornell University, USA Manufacturing and Engineering Department, Wintec Industries Inc. Management Department, Sinyi Realty Inc., Japan Account Manager, Browave Corporation President, Browave Corporation Japan	Director, Taiwan Mask Corporation Director, FOCI Fiber Optic Communications, Inc. Director, Browave Corporation President, Browave Corporation Japan	Chief Executive Officer	K.J. Wu	Father and daughter	-
Director	Republic of China	Fushuo Investment Co., Ltd.	Corporate	2020/3/18	3 Years	2017/6/23	6,364,000	2.52%	4,364,000	1.73%	-	-	-	-		Chairperson, Taiwan Mask Corporation Director, AI Memory Corporation	-	-	-	-
		Representative: Michael Tsai	Male	2020/3/18	3 Years	2017/6/23	0	0%	0	0%	-	-	-	-	Bachelor, National Chiao Tung University General Manager, Powerchip Technology Corporation Chairperson, Powerchip Technology Corporation	Chairperson, Taiwan Mask Corporation Vice Chairperson, Powerchip Technology Corporation Chairperson, Fushuo Investment Co., Ltd. Chairperson, AP Memory Technology Corp. Director, Sprout International Limited Director, Xsense Technology Corporation Director, AI Memory	-	-	-	-

Job title	Nationality or Place of Registration	Name	Gender	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Note
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
																Corporation Independent Director, UNITED INTEGRATED SERVICES CO., LTD.				
		Representative: Martin Chu (Note 2)	Male	2020/11/4	3 Years	2020/11/4	0	0%	0	0%	-	-	-	-	M.S., Pennsylvania State University, U.S.A. General Manager, Logic and Special Application Foundry Group, Powerchip Semiconductor Manufacturing Corp. President of Maxchip Electronics Executive vice president of Maxchip Electronics	General Manager, Logic and Special Application Foundry Group, Powerchip Semiconductor Manufacturing Corp. Board Member, Powerchip Semiconductor Manufacturing Corp. Chairperson, Fushuo Investment Co., Ltd.	-	-	-	-

Note:

1. There are no situations where the aforementioned personnel hold concurrent positions as the chairperson and general manager or equivalent position (manager as the highest level), or is a spouse or first-degree relative of the Chairperson.

The company's legal entity representative Fushuo Investment changed its legal entity representative from Michael Tsai to Martin Chu on November 4, 2020. The board of the same company in Japan elected Mr. Cheng-Hsiang Chen as the company's chairman.

Job title	Nationality or Place of Registration	Name	Gender	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Note
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Independent Director	Republic of China	Yu-Chiun Wu	Male	2020/3/18	3 Years	2017/6/23	-	-	-	-	-	-	-	-	M.B.A., National Taiwan University (Advanced Public Management) Director-general of Securities and Futures Bureau of Financial Supervisory Commission of the Executive Yuan	Independent director, Taiwan Mask Corporation Independent director of Yuanta Securities Director, Browave Corporation	-	-	-	-
Independent Director	Republic of China	Tai-Ning Hsieh (Note 2)	Male	2020/3/18	3 Years	2017/6/23	-	-	-	-	-	-	-	-	Bachelor, Chinese Culture University Department of Geology General Manager, Pan Pacific Semiconductor Co., Ltd.	-	-	-	-	-
Independent Director	Republic of China	Hsin Chen (Note 2)	Male	2020/3/18	3 Years	2020/3/18	-	-	-	-	-	-	-	-	Doctor of Business Administration, Nova Southeastern University, Florida, USA Executive Vice General Manager and Vice Chairperson, CDIB Capital Group	-	-	-	-	-

Note:

1. There are no situations where the aforementioned personnel hold concurrent positions as the chairperson and general manager or equivalent position (manager as the highest level), or is a spouse or first-degree relative of the Chairperson.

2. The 12th-batch independent director Mr. Tai-Ning Hsieh resigned on June 23, 2020 for personal reasons, and Mr. Hsin Chen passed away on March 13, 2021.

(III) Major shareholders of corporate shareholders

April 2, 2021

Name of Corporate Shareholders	Majority corporate shareholders
Fushuo Investment Co., Ltd.	Powerchip Technology Corporation (100%)

(IV) Main shareholders of majority corporate shareholders

April 2, 2021

Name of Legal Person	Majority corporate shareholders
Powerchip Technology Corporation	Chung-Jen Huang (4.74%), Resen Corporation (1.25%), Deutron Electronics Corporation (1.22%), Chia-I Chen, (0.86%), Novax Technologies, Inc. (0.75%), Jendan Investment Inc. (0.73%), Synage Technology Corporation (0.69%), HSBC as Trustee of Kgi Nominees (Hong Kong) Limited (0.67%), Yuanlong Investment Co., Ltd. (0.63%),

	Wei-Cheng Lin (0.58%)

(V) Directors' and independent directors' expertise and independence

April 2, 2021

Criteria / Name	Having more than 5 years' work experience and professional qualifications listed below			Independence												Concurrently serving as an independent director in other publicly listed companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Cheng-Hsiang Chen			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	
Lidon Chen			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Chao-Yi Wu			✓	✓					✓	✓	✓	✓	✓	✓	✓	
Fushuo Investment Co., Ltd. Representative: Michael Tsai			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		1
Fushuo Investment Co., Ltd. Representative: Martin Chu			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		
Yu-Chiun Wu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Tai-Ning Hsieh			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hsin Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Note: A " " is placed in the box if the director or supervisor met the following conditions during active duty and two years prior to the date elected.

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisor of the company or any of its affiliates (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary.)

(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.

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

(5) Not directly owning 5% or more of the Company's total issued shares or one of the top five shareholders in terms of the number of shares owned, and not a director, supervisor or employee of a corporate shareholder who is designated as the Company's director or supervisor in accordance with Paragraph 1 or 2, Article 27 of the Company Act (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary).

(6) Not a director, supervisor or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary).

(7) Not a director, supervisor or employee of another company or institution, who is also the chairperson, general manager or equivalent position, or a spouse of these personnel, of the Company (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary).

(8) A director, supervisor, manager or a shareholder with over 5% ownership of a specified company or institution which does not have financial or business dealings with the Company (The same does not apply, however, in cases where the specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary).

(9) Not a professional individual or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company or institution that, provides auditing or commercial, legal, financial, accounting services, which receive less than NT$500,000 in accumulated remuneration in the most recent two years, to the company or to any affiliate of the company, or a spouse thereof. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Not a spouse or relative of second degree or closer to any other directors.

(11) Does not meet any of the conditions stated in Article 30 of the Company Act.

(12) Not elected as a government or corporate representative, as described in Article 27 of the Company Act.

III. Remuneration paid during the most recent fiscal year to directors of the board (including independent directors), the general manager, and vice general managers

(I) Remuneration directors (including independent directors)

Unit: NT$Thousand

Job title	Name	Director compensation								Proportion of Total Remuneration (A + B + C + D) out of Net Income (Note 10)		Compensation received as employee								Total Compensation (A+B+C+D+E+F+G) as a % of the Net Income(Note 10)		Related profit sharing from earnings from investees other than the subsidiaries or the parent company (Note 11)
		Compensation (A) (Note 2)		Pension (B)		Director remuneration (C)(Note 3)		Fees for services rendered (D)(Note 4)				Base Compensation, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Employee remuneration (G) (Note 6)						
																The Company		From All Consolidated Entities (Note 7)				
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	Cash	Stock	Cash	Stock	The Company	All companies included in the financial statements (Note 7)	
Chairperson	Cheng-Hsiang Chen	3,218	3,218	0	0	12,782	12,782	300	300	2.38	2.38	10,450	10,450	0	0	0	0	0	0	3.91	3.91	None
Director	Lidon Chen																					
Director	Chao-Yi Wu																					
Director	Fushuo Investment Co., Ltd. Representative: Michael Tsai /Martin Chu																					
Director	K.J. Wu																					
Director	Yu-Shian Tsai																					
Independent Director	Yu-Chiun Wu																					
Independent Director	Tai-Ning Hsieh																					
Independent Director	Hsin Chen																					
Independent Director	Yun Ji																					

Note:

1. The policy, system, standards and structure of remuneration payments to independent directors, and describe the relations between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration to them.

(1) Remuneration payment policy for the Company's directors: According to the Company Charter Article 23, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director and supervisor remuneration. However, profits must first be taken to offset against cumulative losses, if any.

Employee remuneration, as mentioned above, can be paid in cash or in shares. Qualified employees of subsidiaries are also included in the payment.

Current year profit situation as mentioned in the first paragraph refers to the profit which is the current year's pre-tax profit before distribution of employee remuneration and director and supervisor remuneration.

The distribution of employee and director and supervisor remuneration shall be executed after the resolution approval at the Board meeting with more than two-thirds of directors attending and of more than half of the attending directors agreed and passed the resolution, and reported to the shareholders meeting.

(2) Standards and packages, procedures for determining remuneration: The Company's general manager and vice general managers' compensation shall be resolved by the Board of Directors according to Article 29 of the Company Act.

According to Article 23-1 of the Company Charter, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.

(3) Relevance to operating performance and future risks: In 2020, the Company improved production efficiency, capacity utilization, and product gross profit margin. Therefore, the net profit after tax in 2020 increased over 2019.

According to the Company Charter, the Company shall distribute not more than 2% of the current year's profit situation for director remuneration. The proportion distributed by the Company is reasonable, in accordance to the Charter.

2. In addition to the disclosure shown in the above table, the remuneration received by the directors for their service provided to all companies listed in the financial reports in the most recent fiscal year: Director Yu-Shian Tsai received NT$660 thousand consulting fee in 2020.

3. The 11th batch directors of the Company: Mr. K.J. Wu, Fushuo Investment (representative Michael Tsai), Yu-Shian Tsai, Mr. Parkson Chen, Yu-Chiun Wu, Yun Ji, Tai-Ning Hsieh

The elected 12 batch directors of the Company, Cheng-Hsiang Chen, Fushuo Investment (representative Michael Tsai), Lidon Chen, Chao-Yi Wu, Yu-Chiun Wu, Tai-Ning Hsieh, Hsin Chen.

Director Mr. K.J. Wu resigned on January 5, 2020, and was transferred to the position of CEO on the same day. Independent director Mr. Tai-Ning Hsieh resigned on June 23, 2020 for personal reasons. The legal entity representative Fushuo Investment changed its legal entity representative from Michael Tsai to Martin Chu on November 4, 2020.

(II) Remuneration grade table of directors (including independent directors)

Range of compensation paid to the Company's directors	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A + B + C + D + E + F + G)	
	The Company (Note 8)	From All Consolidated Entities (Note 9) H	The Company (Note 8)	From All Consolidated Entities (Note 9) I
Below NT$ 1,000,000	Director Yu-Shian Tsai, Director K.J. Wu and Independent Director Yun Ji	Director Yu-Shian Tsai, Director K.J. Wu and Independent Director Yun Ji	Director Yu-Shian Tsai, Director K.J. Wu and Independent Director Yun Ji	Director Yu-Shian Tsai, Director K.J. Wu and Independent Director Yun Ji
NT$1,000,000 ~ NT$1,999,999	Independent Director Tai-Ning Hsieh, Independent Director Hsin Chen	Independent Director Tai-Ning Hsieh, Independent Director Hsin Chen	Independent Director Tai-Ning Hsieh, Independent Director Hsin Chen	Independent Director Tai-Ning Hsieh, Independent Director Hsin Chen
NT$2,000,000 ~ NT$3,499,999	Corporate Director, Fushuo Investment Co., Ltd. Representatives of Fushuo Investment legal person directors: Michael Tsai/Martin Chu, Director Cheng-Hsiang Chen, Director Lidon Chen, Director Chao-Yi Wu, Independent Director Yu-Chiun Wu	Corporate Director, Fushuo Investment Co., Ltd. Representatives of Fushuo Investment legal person directors: Michael Tsai/Martin Chu, Director Cheng-Hsiang Chen, Director Lidon Chen, Director Chao-Yi Wu, Independent Director Yu-Chiun Wu	Corporate Director, Fushuo Investment Co., Ltd. Representatives of Fushuo Investment legal person directors: Michael Tsai/Martin Chu, Director Cheng-Hsiang Chen, Director Lidon Chen, Director Chao-Yi Wu, Independent Director Yu-Chiun Wu	Corporate Director, Fushuo Investment Co., Ltd. Representatives of Fushuo Investment legal person directors: Michael Tsai/Martin Chu, Director Cheng-Hsiang Chen, Director Lidon Chen, Director Chao-Yi Wu, Independent Director Yu-Chiun Wu
NT$3,500,000 ~ NT$4,999,999				
NT$5,000,000 ~ NT$9,999,999				
NT$10,000,000 ~ NT$14,999,999				
NT$15,000,000 ~ NT$29,999,999				
NT$30,000,000 ~ NT$49,999,999				
NT$50,000,000 ~ NT$99,999,999				
NT$ 100,000,000 and above				
Total	11 persons	11 persons	11 persons	11 persons

Note 1: The names of directors should be separately listed (legal person shareholder should list the name of the legal person and the representative separately), and the payment to each director and independent director should be summarized and disclosed.

Note 2: Refers to the remuneration of directors in the most recent year (including the salary, differential pay for the job, severance pay, various rewards, bonuses and others).

Note 3: Fill in the remuneration amount allocated to directors approved by the board meeting in the most recent year.

Note 4: Refers to the related business implementation expenses of directors in the most recent years (including transportation, special disbursement, various allowance, housing, cars and other tangibles). In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here.

Note 5: Refers to the salary, differential pay for the job, severance pay, various rewards, bonuses, transportation, special disbursement, various allowances, housing, cars and other tangibles for the directors taking concurrent positions as employees (including as the general manager, assistant general manager, other department managers or employees). In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here. The salary expenses recognized in accordance with IFRS2 Share-based Payment, including obtaining employee stock options, restricted stock awards, participation in new share issuance through cash capital increase, should be included in the remuneration.

Note 6: Refers to those directors taking concurrent positions as employees (including as the general manager, assistant general manager, other department managers or employees) and receiving employee compensation (including stocks and cash) in the most recent year, of whom the allocated employee compensation approved by the board shall be disclosed. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year.

Note 7: The total amount of remunerations paid to directors of the Company by all companies (including the Company) shall be disclosed in the consolidated report.

Note 8: The total amount of various types of remunerations paid by the Company to each director and disclose the names in the specified range grades.

Note 9: The total amount of various types of remunerations paid by all companies (including the Company) in the consolidated report to each director should be disclosed. Disclose the names of directors in the specified range grades.

Note 10: The net income after tax refers to the number in the standalone financial report.

Note 11: a. This field should state the amount of remuneration paid to directors from non-consolidated affiliates or parent companies.

b. If a director of the Company receives a remuneration from non-consolidated affiliates or the parent company, the amount shall be included in Field I of the appropriate range grade, and the field name should be changed to "Parent company and all non-consolidated affiliates".

c. Remunerations refer to remuneration, compensation (including employee, director and supervisor compensation) and allowance for business operations received by the directors of the Company who serve as directors, supervisors or managing executives of the other non-consolidated affiliates that are not subsidiaries or the parent company.

＊The remunerations disclosed here in this Table are different from the incomes defined by the Income Tax Act. This Table is for the purpose of information disclosure and not for tax matters.

(III) Remuneration to President and Vice Presidents

Unit: NT$Thousand

Job title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and Allowances (C)(Note 3)		Employee remuneration (D) (Note 4)				Proportion (%) of Total Remuneration (A + B + C + D) out of Net Income (Note 8)		Whether receive remuneration from non-consolidated affiliates or the parent company (Note 9)
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company		From All Consolidated Entities (Note 5)		The Company	From All Consolidated Entities (Note 5)	
								Cash	Stock	Cash	Stock			
CEO	Lidon Chen(Note1)	23,525	23,525	0	0	0	0	9,576	0	9,576	0	4.84	4.84	None
General Manager	Lidon Chen(Note2)													
General Manager	Yarn Chen(Note2)													
Executive Vice General Manager	Vincent Tsai(Note3)													
Vice General Manager of Operations	Nester Huang													
Vice General Manager of Finance	Eve Yang													

Note1:CEO Wu Guojing did not receive any remuneration

Note2: Presiden Yam Chen resigned on January 5, 2020, and Mr. Lidon Chen assumed the post of president on the same day.

Note3: Executive Vice President Vincent Tsai retired on April 15, 2021.

(IV) Range of remuneration to President and Vice Presidents

Range of remuneration to the Company's President and Vice Presidents	Names of President and vice presidents	
	The Company (Note 6)	From All Consolidated Entities (Note 7) E
Below NT$ 1,000,000	Wu Guojing(Note)	Wu Guojing(Note)
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ NT$4,999,999	Yam Chen, Nester Huang	Yam Chen, Nester Huang
NT$5,000,000 ~ NT$9,999,999	Lidon Chen, Vincent Tsai, Eve Yang	Lidon Chen, Vincent Tsai, Eve Yang
NT$10,000,000 ~ NT$14,999,999		
NT$15,000,000 ~ NT$29,999,999		
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999		
NT$ 100,000,000 and above		
Total	6 persons	6 persons

Note: CEO Wu Guojing did not receive any remuneration

Note 1: The names of general manager and assistant general managers should be separately listed and summarized to disclose the payment for each person.

Note 2: Refers to the salary, differential pay for the job and severance of general manager and assistant general managers in the most recent year.

Note 3: Refers to the various rewards, bonuses, transportation, special disbursement, various allowances, housing, cars and other tangibles and other remunerations of general manager and assistant general managers in the most recent year. In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at

the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here. The salary expenses recognized in accordance with IFRS2 Share-based Payment, including obtaining employee stock options, restricted stock awards, participation in new share issuance through cash capital increase, should be included in the remuneration.

Note 4: Refers to the employee remuneration (including stocks and cash), approved by the board, to be allocated to the general manager and assistant general managers in the most recent year. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year.

Note 5: The total amount of remunerations paid to the general manager and assistant general managers of the Company by all companies (including the Company) shall be disclosed in the consolidated report.

Note 6: The total amount of various types of remunerations paid by the Company to the general manager and each assistant general manager and disclose the names in the specified range grades.

Note 7: The total amount of various types of remunerations paid by all companies (including the Company) in the consolidated report to each one of general managers and assistant general managers should be disclosed. Disclose their names in the specified range grades.

Note 8: The net income after tax refers to the number in the standalone financial report.

Note 9: a. This field should clearly state the amount of remuneration paid to general managers and assistant general managers from non-consolidated affiliates or parent company.

b. If the general manager or assistant general managers of the Company receive remuneration from a non-consolidated affiliates or the parent company, the amount shall be included in Field E of the appropriate grade range, and the field name should be changed to "The parent company and all non-consolidated affiliates."

c. Remunerations refer to remuneration, compensation (including employee, director and supervisor compensation) and allowance for business operations received by the general manager and assistant general managers of the Company who serve as directors, supervisors or managing executives of the other non-consolidated affiliates that are not subsidiaries or the parent company.

∗The remunerations disclosed here in this Table are different from the incomes defined by the Income Tax Act. This Table is for the purpose of information disclosure and not for tax matters.

(V) Remuneration for management level - Top 5

Unit: NT$Thousand

Job title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and Allowances (C)(Note 3)		Employee remuneration (D) (Note 4)				Proportion (%) of Total Remuneration (A + B + C + D) out of Net Income (Note 6)		Whether receive remuneration from non-consolidated affiliates or the parent company (Note 7)
								The Company		From All Consolidated Entities (Note 5)				
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	Cash	Stock	Cash	Stock	The Company	All companies included in the financial statements	
General Manager	Yarn Chen	23,525	23,525	0	0	0	0	9,576	0	9,576	0	4.84	4.84	None
General Manager	Lidon Chen													
Executive Vice General Manager	Vincent Tsai													
Vice General Manager of Operations	Nester Huang													
Vice General Manager of Finance	Eve Yang													

Note 1: The "Five highest paid executives" refer to the Company's managers. Please refer to Tai-Cai-Zheng-San-Zi No. 0920001301 document published by the Securities and Futures Bureau, Financial Supervisory Commission on March 27, 2003 on the standards which define the scope of roles of managers. As for the calculation of the five highest amount in remuneration, it is the total of salary, retirement pensions, bonuses and allowances and employees' remuneration (that is, A + B + C + D) recorded on the consolidated financial reports received by the Company's managers, which are then ranked to show the managers who have the five highest figure in remuneration.

Note 2: Refers to the salary, differential pay for the job and severance of five highest paid managers in the most recent year.

Note 3: Refers to the various rewards, bonuses, transportation, special disbursement, various allowances, housing, cars and other tangibles and other remunerations of the five highest paid managers in the most recent year. In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here. The salary expenses recognized in accordance with IFRS 2 Share-based Payment, including obtaining employee stock options, restricted stock awards, participation in new share issuance through cash capital increase, should be included in the remuneration.

Note 4: Refers to the employee remuneration (including stocks and cash), approved by the board, to be allocated to the five highest paid managers in the most recent year. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year and then fill out Table 1-3.

Note 5: The total amount of remunerations paid to the five highest paid managers of the Company by all companies (including the Company) shall be disclosed in the consolidated report.

Note 6: The net income after tax refers to the number in the standalone and individual financial reports.

Note 7: a. This field should clearly state the amount of remuneration paid to the five highest paid managers from non-consolidated affiliates or the parent company. (Please fill in “None,” if there is none).

b. Remunerations refer to remuneration, compensation (including employee, director and supervisor compensation) and allowance for business operations received by the five highest paid managers of the Company who serve as directors, supervisors or managing executives of the other non-consolidated affiliates that are not subsidiaries or the parent company.

Note 8: Executive Vice President Vincent Tsai retired on April 15, 2021.

＊The remunerations disclosed here in this Table are different from the incomes defined by the Income Tax Act. This Table is for the purpose of information disclosure and not for tax matters.

(VI) Names of managers who are assigned employee compensation and the assignment

April 2, 2021 Unit: NTD in thousand

	Job title (Note 1)	Name (Note 1)	Stock	Cash	Total	Total as a percentage of net income (%)
Managers	General Manager	Lidon Chen	-	9,576	9,576	1.40
	Executive Vice General Manager	Vincent Tsai				
	Vice General Manager of Operations	Nester Huang				
	Vice General Manager of Finance	Eve Yang				

Note 1: Names and titles can be disclosed separately and the profit distribution can be summarized in an aggregate amount. Executive Vice President Vincent Tsai retired on April 15, 2021.

Note 2: Refers to the employee remuneration (including stocks and cash), approved by the board, to be allocated to the executive managers in the most recent year. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year. The net income after tax refers to the number in the standalone financial report.

Note 3: The applicability for managers is based on Document No. 0920001301 of Tai-Cai-Zheng-San-Zi No. announced by the Financial Supervisory Commission on March 27, 2003.

(1) General manager and the equivalent position levels (2) Assistant general manager and the equivalent position levels (3) Department directors and the equivalent position levels (4) Head of the Finance Department (5) Head of the Accounting Department (6) Other people who manage matters for and sign on behalf of the Company.

Note 4: For the directors, general manager and assistant general managers who receive employee remuneration (including stocks and cash), this Table will be filled out.

(VII) Analysis of the total remuneration paid, as a percentage of net income in the standalone financial report, to the Company's board directors, supervisors, the general manager and assistant general managers during the most recent two years by the Company and all companies included in consolidated statements

Unit: NTD in thousands; %

Items / Year	Total compensation for directors		Total compensation for President and vice presidents		Total compensation		Proportion of total amount out of net income from the standalone financial report	
	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements
2019	12,680	12,680	16,435	19,880	29,115	32,560	6.75	7.55
2020	26,750	26,750	33,101	33,101	59,851	59,851	8.75	8.75

The remuneration policies, standards and packages, the procedure for determining remuneration and its linkage to the Company's operating performance and future risks:

1. Remuneration payment policy for the Company's directors: According to the Company Charter Article 23, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director and supervisor remuneration. However, profits must first be taken to offset against cumulative losses, if any.

   Employee remuneration, as mentioned above, can be paid in cash or in shares. Qualified employees of subsidiaries are also included in the payment.

   Current year profit situation as mentioned in the first paragraph refers to the profit which is the current year's pre-tax profit before distribution of employee remuneration and director and supervisor remuneration.

   The distribution of employee and director and supervisor remuneration shall be executed after the resolution approval at the Board meeting with more than two-thirds of directors

attending and of more than half of the attending directors agreed and passed the resolution, and reported to the shareholders meeting.

2. Standards and packages, procedures for determining remuneration: The Company's general manager and vice general managers' compensation shall be resolved by the Board of Directors according to Article 29 of the Company Act. According to Article 23-1 of the Company Charter, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.
3. Relevance to operating performance and future risks: In 2020, the Company improved production efficiency, capacity utilization, and product gross profit margin. Therefore, the net profit after tax in 2020 increased over 2019. According to the Company Charter, the Company shall distribute not more than 2% of the current year's profit situation for director remuneration. The proportion distributed by the Company is reasonable, in accordance to the Charter.

IV. Implementation status of Corporate Governance

(I) Board of Directors operations and assessment of the implementation status

The 11th batch board of directors held meetings 3 times (A) in 2020, and the attendance of directors is shown as follows:

Job title	Name	Actual Attendance in Person (B)	Number of proxy attendants	Actual Attendance in Person (%), (B/A)	Note
Director	K.J. Wu	1	3	100	Chairman K.J. Wu resigned on January 5, 2020, and was transferred to the post of CEO on the same day. Director Michael Tsai took over as the chairman of the Company.
Director	Fushuo Investment Co., Ltd. Representative: Michael Tsai	3	0	100	
Director	Yu-Shian Tsai	3	0	100	
Independent Director	Yu-Chiun Wu	3	0	100	
Independent Director	Yun Ji	0	2	-	
Independent Director	Tai-Ning Hsieh	3	0	100	

Other matters that shall be recorded:

I. If the Board of Directors operations encounter any of the following situations, it shall state clearly the Board meeting date, term, proposal content, all of the independent directors' opinion, and the Company's handling of the opinion of the independent director:

1. Items listed in Article 14-3 of the Securities and Exchange Act:

Meeting date	Content of proposal	Opinion of Independent Director	Company's handling of the opinion of the independent director	Resolution outcome
2020/01/15 (1st time in 2020)	Changes to the Company's financial and accounting officer and corporate governance officer	Approved by all of the independent directors	Not applicable.	Approved
2020/02/20 (2nd time in 2020)	Amendments to the Company's "Authorization Chart of Procedures for Handling Acquisition or Disposal of Assets"			
	Loans to subsidiary Aptos Technology INC.			
	Endorsements/guarantees for subsidiary Miracle Technology CO., LTD.			
2020/03/17 (3rd time in 2020)	2019 Business Report and Financial Reports			
	Issuance of 2019 Statement on Internal Control			
	Partial amendments to the Company's "Internal Control System."			
	Partial amendments to the Company's "Procedures for Acquisition or Disposal of Assets" and "Authorization Chart of Procedures for Handling Acquisition or Disposal of Assets"			
	The Company's lending			
	Changes to the Company's financial and accounting officer and corporate governance officer			

2. Besides the above mentioned items, other resolution/s passed by the board which an independent director expresses objections or reservation of opinion that has been included in records or prepared as a written declaration: None of such situations.

II. When there is avoidance of conflicts of interest by a director, state the name of that director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that director: At the board meeting on March 17, 2020: (1) With respect to changes to the Company's financial and accounting officer and corporate governance officer, the newly appointed officer Eve Yang made a recusal from the meeting as the case involved her own interests. (2) As for revision to salary and compensation structure of the Company's directors and managers, except for Chairman Michael Tsai, Director K.J. Wu, Independent Director Yu-Chiun Wu and Independent Director Tai-Ning Hsieh who did not participate in the

discussion and voting as they are the interested persons, the proposal was passed without objection.

The 11th batch board of directors held meetings 3 times (A), and the attendance of directors is shown as follows:

Job title	Name	Actual Attendance in Person (B)	Number of proxy attendants	Actual Attendance in Person (%), (B/A)	Note
Director	Fushuo Investment Co., Ltd. Representative: Michael Tsai	4	0	100	The company's legal entity representative Fushuo Investment changed its legal entity representative from Michael Tsai to Martin Chu on November 4, 2020.
Director	Fushuo Investment Co., Ltd. Representative: Martin Chu	3	0	100	
Director	Cheng-Hsiang Chen	7	0	100	
Director	Lidon Chen	7	0	100	
Director	Chao-Yi Wu	7	0	100	
Independent Director	Yu-Chiun Wu	7	0	100	
Independent Director	Tai-Ning Hsieh	3	0	100	The 12th batch Independent director Mr. Tai-Ning Hsieh resigned on June 23, 2020 for personal reasons.
Independent Director	Hsin Chen	5	2	71	The 12th batch Independent director Hsin Chen passed away on March 13, 2021.

Other matters that shall be recorded:

I. If the Board of Directors operations encounter any of the following situations, it shall state clearly the Board meeting date, term, proposal content, all of the independent directors' opinion, and the Company's handling of the opinion of the independent director:

1. Items listed in Article 14-3 of the Securities and Exchange Act:

Meeting date	Content of proposal	Opinion of Independent Director	Company's handling of the opinion of the independent director	Resolution outcome
2020/05/06 (5th time in 2020)	Partial amendments to the Company's "Procedures for Acquisition or Disposal of Assets"	Approved by all of the independent directors	Not applicable.	Approved

2. Besides the above mentioned items, other resolution/s passed by the board which an independent director expresses objections or reservation of opinion that has been included in records or prepared as a written declaration: None of such situations.

II. When there is avoidance of conflicts of interest by a director, state the name of that director, the involved proposal (s), the cause (s) of the avoidance of conflicts of interest, and the participation in voting of that director: At the board meeting on June 10th, 2020: As the Company's independent directors Yu-Chiun Wu, Tai-Ning Hsieh and Hsin Chen are the interested parties, they made a recusal from the meeting and did not participate in the discussion and voting of the case.

Board of directors on August 5, 2020: (1) With respect to the distribution of 2019 employee remuneration and the Q3 bonus of 2020, President Lidon Chen and Financial Vice President Eve Yang recused themselves as they held the position of a manager. If this proposal involves self interests, Mr. Lidon Chen will not participate in discussion and voting as he is a director. (2) As for the 2019 distribution of director remuneration, the Company's CEO Mr. K.J. Wu was a director of the previous batch and had to recuse himself. Director Mr. Michael Tsai and Mr. Yu-Chiun Wu also recused themselves as they were the interested parties with the proposal and would not participate in the discussion and voting of the proposal.

III. Self-assessment by the Board of Directors, its evaluation cycle, scope of assessment, method, and assessment contents:

˙Evaluation cycle and duration: The Company shall hold the Board of Directors performance evaluation at least once a year, current year performance evaluation shall be carried out at the end of the year as the evaluation cycle based on the evaluation procedures

and indicator. Assessment results shall be reported to the Board of Directors in Quarter 1 of the following year.

˙Scope of assessment, method: The scope of the Company's Board of Directors' performance evaluation includes performance evaluation for overall Board of Directors, and individual board members. Methods can be internal self-assessment by the board, self-evaluation by board members or other appropriate methods to conduct performance evaluation.

˙Evaluation contents:

(1) Board performance evaluation: Includes the level of 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.

(2) Individual board member performance evaluation: Includes the alignment of the goals and missions of the Company, awareness of the duties of a director, level of participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.

IV. Targets and implementation status evaluation of strengthening the functional competence of the Board of Directors in current year and the most recent fiscal year:

˙The Company currently has three independent directors out of seven directors. The number of independent directors stands at two-fifths of the overall number of directors.

˙The Company's Chairperson does not hold concurrent manager-level position of the company.

˙The Company's Board of Directors authorized the Audit Committee and Remuneration Committee under it, to support the Board to implement its duties for monitoring. Each committee regularly reports to the Board on other activities and resolutions, supporting the Board in decision-making with its professionalism under this work dividing arrangement and its independent position.

(II) 2020 Assessment of the implementation status by the board of directors

Assessment methods	Assessment duration	Scope of assessment	Assessment contents	Assessment result
Board of Directors Self-evaluation	2020/01/01-2020/12/31	Board of Directors as a whole	Board performance evaluation: Includes the level of 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.	Self-evaluation by the board: An average score of 4.50, the result is considered excellent, in line with the corporate governance requirements.
Self-evaluation of directors	2020/01/01-2020/12/31	Each individual director	Individual board member performance evaluation: Includes the alignment of the goals and missions of the Company, awareness of the duties of a director, level of participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.	Self-evaluation by the board members (self- or peer-evaluation): An average score of 4.57, the result is considered excellent, in line with the corporate governance requirements.
Self-evaluation of committee member	2020/01/01-2020/12/31	Each functional committee	Functional committee performance appraisal: The participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.	1. Self-evaluation of audit committee: An average of 4.12. 2. Self-evaluation of salary and remuneration committee: An average of 4.45. The results are considered excellent, in line with corporate governance requirements.

(III) Operations of the Audit Committee

The 11th batch audit committee held meetings 3 times (A) in 2020, and the attendance of independent directors is shown as follows:

Job title	Name	Actual number of attendants (B)	Number of proxy attendants	Actual rate of attendants (%) [B/A]	Note
Independent Director	Yu-Chiun Wu	3	0	100	
Independent Director	Yun Ji	0	2	-	
Independent Director	Tai-Ning Hsieh	3	0	100	

Other matters that shall be recorded:

I. If the Audit Committee operations encounter any of the following situations, it shall state clearly the Audit Committee meeting date, term, proposal content, resolution results of the Audit Committee meeting, and the Company's handling of the opinion of the Audit Committee:

1. Items listed in Article 14-5 of the Securities and Exchange Act:

Meeting date	Content of proposal	Opinion of Independent Director	Company's handling of the opinion of the independent director	Resolution outcome
2020/01/15 (1st time in 2020)	Changes to the Company's financial and accounting officer and corporate governance officer	Approved by all of the independent directors	Not applicable.	Approved
2020/02/20 (2nd time in 2020)	Amendments to the Company's "Authorization Chart of Procedures for Handling Acquisition or Disposal of Assets"			
	Loans to subsidiary Aptos Technology INC.			
	Endorsements/guarantees for subsidiary Miracle Technology Co., Ltd.			
2020/03/17 (3rd time in 2020)	2019 Business Report and Financial Reports			
	Issuance of 2019 Statement on Internal Control			
	Partial amendments to the Company's "Internal Control System."			
	Partial amendments to the Company's "Procedures for Acquisition or Disposal of Assets" and "Authorization Chart of Procedures for Handling Acquisition or Disposal of Assets"			
	The Company's lending			
	Changes to the Company's financial and accounting officer and corporate governance officer			

2. Besides the abovementioned items, resolutions that are passed by more than two-thirds of all of the directors but not passed by the Audit Committee: None of such situations.

II. For the recusal of independent directors due to conflicts of interests, please describe the name of the independent director, the proposal content, the reason for recusal and the participation in voting: There have been no occurrences of situations for the recusal of independent directors due to conflicts of interests, therefore, not applicable.

III. Communications situations among independent directors, internal audit officer and accountant (including communications on the company finance and business situation, the major events, method and results):

1. Important highlights of the communications between independent directors and internal audit officer

Date	Important highlights of the communications
2020/01/15	Auditor's Report for October 2019 to November 2019
2020/02/20	Auditor's Report for December 2019
2020/03/17	Auditor's Report for January 2020
	Report on communication between accountants and governance units (2019)
	The Company's 2019 Internal Control System Validity Evaluation and Declaration of Internal Control System.

2. Important highlights of the communications between independent directors and accountant

Date	Important highlights of the communications
2020/03/17	The accountant expressed opinions of the audit results for the Company's 2019 Standalone and Consolidated Financial Statements, and discussed them with the independent directors.

The 2nd batch audit committee held meetings 3 times (A) in 2020, and the attendance of independent directors is shown as follows:

Job title	Name	Actual number of attendants (B)	Number of proxy attendants	Actual rate of attendants (%) [B/A]	Note
Independent Director	Yu-Chiun Wu	5	0	100	
Independent Director	Yun Ji	0	2	-	
Independent Director	Tai-Ning Hsieh	3	0	100	

Other matters that shall be recorded:

I. If the Audit Committee operations encounter any of the following situations, it shall state clearly the Audit Committee meeting date, term, proposal content, resolution results of the Audit Committee meeting, and the Company's handling of the opinion of the Audit Committee:

1. Items listed in Article 14-5 of the Securities and Exchange Act:

Meeting date	Content of proposal	Opinion of Independent Director	Company's handling of the opinion of the independent director	Resolution outcome
2020/05/06 (4th time in 2020)	Partial amendments to the Company's "Procedures for Acquisition or Disposal of Assets"	Approved by all of the independent directors	Not applicable.	Approved

2. Besides the abovementioned items, resolutions that are passed by more than two-thirds of all of the directors but not passed by the Audit Committee: None of such situations.

II. For the recusal of independent directors due to conflicts of interests, please describe the name of the independent director, the proposal content, the reason for recusal and the participation in voting: There have been no occurrences of situations for the recusal of independent directors due to conflicts of interests, therefore, not applicable.

III. Communications situations among independent directors, internal audit officer and accountant (including communications on the company finance and business situation, the major events, method and results):

1. Important highlights of the communications between independent directors and internal audit officer

Date	Important highlights of the communications
2020/05/06	Auditor's Report for February 2020 to March 2020
2020/08/05	Auditor's Report for April 2020 to June 2020
2020/11/04	Annual Audit Plan for Internal Control System 2020
	Auditor's Report for July 2020 to September 2020
The Company's internal audit officer communicates the auditor's report results with the audit committee, and reports to the audit committee at the quarterly meetings. If special circumstances arise, the internal audit officer will report to the audit committee immediately. There are no occurrences of special circumstances in the year of 2020. Communications between the Company's Audit Committee and the Internal audit officer have been well.	

2. Important highlights of the communications between independent directors and accountant

Date	Important highlights of the communications
2020/05/06	The accountant expressed opinions of the review results for the Company's 2020 Quarter 1 Consolidated Financial Statements, and discussed them with the independent directors.
2020/08/05	The accountant expressed opinions of the review results for the Company's 2020 Quarter 2 Consolidated Financial Statements, and discussed them with the independent directors.
2020/11/04	The accountant expressed opinions of the review results for the Company's 2020 Quarter 3 Consolidated Financial Statements, and discussed them with the independent directors.
The Company's certified public accountants (CPA) will report the audit or review results of the current quarter's financial statement during the audit committee's quarterly meetings, and other communications items of requirements by related laws and regulations. If special circumstances arise, the CPA will report to the audit committee immediately. There are no occurrences of the abovementioned special circumstances for the year of 2020. Communications between the Company's Audit Committee and CPA have been well.	

(IV) Composition, job duties of Remuneration Committee and implementation status:

1. Information of the members of the Remuneration Committee

Identity	Criteria / Name	Having more than 5 years' work experience and professional qualifications listed below			Compliance of independence (Note)										Number of listed companies that the members of the Remuneration Committee concurrently serve in	Note
		Lecturer (or above) of commerce, law and finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the Company's operations	1	2	3	4	5	6	7	8	9	10		
Independent Director	Tai-Ning Hsieh			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Yu-Chiun Wu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Hsin Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Others	Chi-Jen Chou			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note: A "✓" is placed in the box if the members met the following conditions during active duty and two years prior to the date elected.

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisor of the company or any of its affiliates (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary.)

(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.

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

(5) Not directly owning 5% or more of the Company's total issued shares or one of the top five shareholders in terms of the number of shares owned, and not a director, supervisor or employee of a corporate shareholder who is designated as the Company's director or supervisor in accordance with Paragraph 1 or 2, Article 27 of the Company Act (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)

(6) Not a director, supervisor or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary.)

(7) Not a director, supervisor or employee of another company or institution, who is also the chairperson, general manager or equivalent position, or a spouse of these personnel, of the Company (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary.)

(8) A director, supervisor, manager or a shareholder with over 5% ownership of a company or institution which does not have financial or business dealings with the Company (The same does not apply, however, in cases where the specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)

(9) Not a professional individual or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company or institution that, provides auditing or commercial, legal, financial, accounting services, which receive less than NT$500,000 in accumulated remuneration over the most recent two years, to the company or to any affiliate of the company or a spouse thereof. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Does not meet any of the conditions stated in Article 30 of The Company Act.

(11) Independent director Hsin Chen passed away on March 13, 2021.

2. Information on the operational status of the Remuneration Committee

(1) The Salary and Remuneration Committee has 3 members, and there are 2 incumbents as of the publication date of the annual report.

(2) The term of the current members: From May 6, 2020 to May 5, 2023. The Remuneration Committee convened 6 meetings in 2020 (A). The qualifications and attendance of the members are as follows:

Job title	Name	Actual number of attendants (B)	Number of proxy attendants	Percentage of actual attendance (%)(B/A)	Note
Committee member	Tai-Ning Hsieh	1	0	100%	Resigned on June 23, 2020
Convener	Yu-Chiun Wu	5	0	100%	
Committee member	Chi-Jen Chou	5	0	100%	
Committee member	Hsin Chen	3	0	100%	Passed away on March 13, 2021

Other matters that shall be recorded:

I. If the board of directors does not adopt or revise the suggestions of the Remuneration Committee, the date, session, content of proposals, resolutions of the board of directors and the Company's handling of the opinions of the Remuneration Committee shall be stated (If the salary and remuneration approved by the Board of Directors is more than the recommended amount by the Remuneration Committee, explanation for the differences and reason are expected): None of such situations.

II. The resolved matters by the Remuneration Committee about which a member expresses an objection or reservation that has been included in records or stated in writing shall state the date, session, content of proposals, all of the members' opinions and the handling of the opinions of the members: There have been no situations of objections or reservation of opinions by the committee members for each of the discussion.

III. Proposals and resolution outcome of the Remuneration Committee meeting, and handling of the committee members' opinion by the company:

Meeting date	Term	Content of proposal	Committee members' opinions	Company's handling of the members' opinions	Resolution outcome
2020/6/10	1st time of the 5th batch	1. Proposed to elect the convener and chairperson of the meeting of the Company's 5th batch of salary and remuneration committee 2. Revision to salary and compensation schedule of the Company's directors and managers	Approved by all committee members	Not applicable.	Approved
2020/8/5	2nd time of the 5th batch	1. 2019 Distribution of employee remuneration for managers and director remuneration. 2. Q3 2020 incentive bonuses for employees	Approved by all committee members	Not applicable.	Approved
2020/11/4	3rd time of the 5th batch	Payment items and amount for new president of subsidiary	Approved by all committee members	Not applicable.	Approved
2020/12/15	4th time of the 5th batch	According to the Company's "Policy on Transfer of Share Buyback to Employees," the Company plans to transfer to managerial officers for its 26th share buyback.	Approved by all committee members	Not applicable.	Approved
2020/12/30	5th time of the 5th batch	Payment items and amount for new president of subsidiary (Innova Vision)	Approved by all committee members	Not applicable.	Approved

(3) Duty of the Salary and Compensation Committee

According to the Company's Remuneration Committee Foundation Principles, the Committee shall have the loyalty and shall exercise the due care of a good administrator in conducting the following job responsibilities as listed in the Foundation Principles and submit the suggestions

to the board of directors for discussion:

(1) Establish and conduct regular review of directors' and managers' performance assessment and compensation policies, systems, standards and structures.

(2) Conduct regular assessment of compensation for the Company's directors and managers.

The committee member shall carry out the aforesaid duty based on the following principles:

(1) The performance evaluation of the directors and managers and their salary and compensation shall be considered in reference to the payment standard among industry peers and individual performances, in relevance to its reasonableness with the Company's operations performance and future risks.

(2) Shall not lead directors and managers to pursue salary and compensation, engaging in risky conducts that outstrip the company's capacity to handle.

(3) The bonus proportion of short-term performance for directors and senior level managers and partial changes to remuneration payment time shall be decided in consideration of the industrial characteristics and the nature of the Company's business.

The remuneration in the above two subparagraphs, includes cash remuneration, stock warrants, employee stock bonus, retirement scheme or post-employment benefit, various allowance and other measures with substantial incentives; its scope shall be consistent with the directors and managers remunerations as mentioned in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

The Board of Directors will not adopt or revise the suggestions by this Committee, it shall be passed by the consent of more than half of the attending directors with more than two-thirds of all directors attending the meeting, and will, during the resolution, provide specific explanation of the remuneration proposal whether it is or it is not more than the amount as suggested by this committee based on overall consideration of the aforesaid items.

If the remuneration that the Board has passed is more than the amount suggested by this Committee, in addition to including the reasons for differences in records, the Company shall submit this information to the website designated by the competent authority within two days from the day the remuneration is passed.

For subsidiaries of the Company, based on its division of responsibilities, any matters to be resolved that require a decision by the Board of Directors, shall first be sent to this Committee for suggestions, followed by submission to the Board of Directors for discussion.

(V) The succession planning for the board members and important management executives

For the management succession plan of the Company, besides possessing outstanding working ability is necessary for the successor, their value and concept should be in accordance with the Company and their personality traits must include integrity, value of importance of commitment, innovation and be able to win the trust of customers. Regarding important management executives, the company holds regular meetings with the managers of various departments convened by the general manager. Each department will report on its business results and describe its short, medium term business execution plan, and to find a common ground in order to achieve the targets set by the company. The company will organize production and sales meetings on a weekly basis convened by senior management, during which sales and related information, production line operations status, raw materials preparation status of the customer demands will be reported, so that decisions are made through effective communications and discussions. In addition, the Company will organize educational training for senior management from time to time, so as to enhance the professional capabilities in management, professionalism and decision-making.

Succession planning for board members is due to the fact that the overall operations management is becoming more complex as the Group’s operations are growing on a daily basis. The Board of Directors considers the requirements of the Group’s long-term business development, invites industrial representatives with great work and education experience and moral character as the Company’s director. Each of the directors is familiar with corporate governance, and each has their expertise area which can continue to provide the company operator management strategies and corporate governance advices, effectively monitors the company’s management and operations outcomes. Directors attended timely training for related laws and regulations to fulfill the duties of the Board.

(VI) Continuing education of the directors and managers in the recent fiscal year

Job title	Name	Date of training course		Organizer	Course title	Number of hours for continuing education
		Commencement	dates			
Chairperson	Cheng-Hsiang Chen	2020/08/25	2020/08/26	Securities and Futures Institute, R.O.C.	Directors and supervisors (including independent supervisors) and corporate governance officers seminar	12.0
Representative of legal entity director	Martin Chu	2020/09/08	2020/09/08	Securities and Futures Institute, R.O.C.	5G key technologies and application opportunities	3.0
		2020/09/08	2020/09/08	Securities and Futures Institute, R.O.C.	The legal responsibility and risk control of the fraudulent financial reporting of directors and supervisors - Practical case studies	3.0
	Michael Tsai	2020/09/08	2020/09/08	Securities and Futures Institute, R.O.C.	5G key technologies and application opportunities	3.0
		2020/09/08	2020/09/08	Securities and Futures Institute, R.O.C.	The legal responsibility and risk control of the fraudulent financial reporting of directors and supervisors - Practical case studies	3.0
Director and President	Lidon Chen	2020/09/11	2020/09/11	Securities and Futures Institute, R.O.C.	2020 Prevention of insider trading and insider equity trading briefing seminar	3.0
		2020/08/11	2020/08/11	Taiwan Corporate Governance Association	Coping strategies for company transformation	3.0
		2020/07/29	2020/07/29	Taiwan Academy of Banking and Finance	Corporate governance and corporate sustainability workshop	3.0
		2020/07/03	2020/07/03	Taiwan Corporate Governance Association	Vision of sustainable development of global enterprises - From vision 2050 to action 2020	3.0
Director	Chao-Yi Wu	2020/08/25	2020/08/25	Taiwan Corporate Governance Association	Director and supervisor responsibilities for false financial reports	3.0
		2020/09/15	2020/09/15	Taiwan Corporate Governance Association	Enterprise risk management and regulatory compliance issues application practice	3.0
Independent Director	Yu-Chiun Wu	2020/11/03	2020/11/03	Taiwan Securities Association	Innovation, virtuality and openness - Legal reform of Fintech	3.0
		2020/07/07	2020/07/07	Taiwan Securities Association	Money laundering prevention trends and policy development after the third round of mutual evaluation	3.0
		2020/06/02	2020/06/02	Taiwan Securities Association	Overview of the risk management practices of the financial industry from the perspective of securities firms' loss in issuing warrants.	3.0
Independent Director	Hsin Chen	2020/12/08	2020/12/08	Corporate Organization Association	2020 Corporate mergers and acquisitions and corporate governance practices	3.0
		2020/06/30	2020/06/30	Computer Audit Association	A complete guide to information security for directors and supervisors	3.0

Job title	Name	Date of training course		Organizer	Course title	Number of hours for continuing education
		Begin	End			
Vice President of Finance Department/Corporate Governance Officer	Eve Yang	2020/07/23	2020/07/23	Shih Chien University	New version of corporate governance blueprint	3.0
		2020/07/23	2020/07/23	Shih Chien University	Group organizational restructuring strategy, accounting treatment and practice	3.0
		2020/07/24	2020/07/24	Shih Chien University	Taxation topic: Strategic practice of repatriation of Taiwanese businesses and management practice thinking of anti-tax avoidance	3.0
		2020/07/24	2020/07/24	Shih Chien University	Legal responsibilities and obligations of accounting supervisors	3.0
		2020/07/29	2020/07/29	Taiwan Academy of Banking and Finance	Corporate governance and corporate sustainability workshop	3.0
		2020/09/11	2020/09/11	Securities and Futures Institute, R.O.C.	2020 Prevention of insider trading and insider equity trading briefing seminar	3.0
		2020/10/23	2020/10/23	TWSE and Taipei Exchange	2020 advocacy of corporate governance and corporate ethics management for directors and supervisors	3.0
		2020/11/25	2020/11/25	Corporate Organization Association	Taiwanese businesses' strategy and merger and acquisition strategy from the perspectives of global political and economic situations	3.0
		2020/12/08	2020/12/08	Corporate Organization Association	Offensive and defensive of non-consensual mergers and acquisitions and the responsibility of the company's principal	3.0
		2020/12/09	2020/12/09	Corporate Organization Association	Due diligence and financial evaluation of M&A transactions	3.0

(VII) Status of corporate governance implementation and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Assessment items	Operational status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	no	Description	
I. Does the Company stipulate and disclose the corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has adopted corporate governance best practice principles approved by the Board of Directors, and disclosed on the company's website.	No significant differences
II. The shareholding structure of the Company and shareholders' rights and interests	V			No significant differences
(II) Does the company stipulate internal operating procedures to process matters in regard to the shareholders' recommendations, doubts, disputes and litigation, and conduct implementation based on these procedures?	V		(I) The Company has a spokesperson who can handle the suggestions, questions and disputes of shareholders. If there are any dispute matters, the Company's legal team will take over for handling.	
(II) Does the Company have a list of major shareholders who actually control the company and a list of shareholders who ultimately control these major shareholders?	V		(II) For a shareholding situation whereby there are directors, managers and main shareholders with over 10% shareholding, such information will be submitted and disclosed on the website of Market Observation Post System in a timely fashion according to legal requirements.	
(III) Does the Company create and implement risk control and firewall mechanisms with its affiliates?	V		(III) The Company has formulated monitoring and governance procedures for subsidiaries, procedures for lending capital and endorsements/guarantees, asset acquisition and disposal procedures and so on related internal procedures, so as to establish appropriate risk management control and firewall. Audit personnel regularly monitor the implementation status.	
(IV) Does the Company stipulate internal regulations that prohibit insiders from buying and selling securities with the unpublished information on the market?	V		(IV) The Company has formulated Procedures for Handling Material Inside Information and policies to prevent insider trading.	

III. Composition and responsibilities of the board of directors (I) Does the board of directors stipulate and implement a diverse policy regarding the composition of the board members?	V		(I) The Company had re-elected directors at the 2017 shareholders' meeting. The Company's board of directors consists of seven members (including three independent directors), expertise covering industrial and academia. The Company has formulated a diversification policy for the composition of the board and has implemented accordingly, refer to Article 20 of the Company's Corporate Governance Code of Conduct for the diversification policy, which has been disclosed on the Company's website simultaneously. There are a total of seven members (including three independent directors) for the Company's 11th Boards of Directors members, expertise covering industrial and academia, fulfilling the diversification of board members. Members with expertise in leadership, operations judgement, operations and management, crisis management and possess industrial knowledge and international markets perspectives are K.J. Wu, Parkson Chen, Michael Tsai, Yu-Shian Tsai and Tai-Ning Hsieh;	Has not yet set-up functional committees besides remuneration committee and audit committee, others are of no major differences with the Corporate Governance Best Practice Principles.
		V	Yu-Chiun Wu was previously Director-General of Securities and Futures Bureau possesses expertise in administration and finance affairs; and Yun Ji has been serving in academia for a long period of time providing much useful advices for the company on industrial aspects. Specific management targets and current progress for the diversification policy: The Company's	
	V		Board of Directors has already undergone re-election for all of its directors on March 18, 2020 during shareholders' special meeting. The newly elected board members are Lidon Chen, Chao-Yi Wu, Cheng-Hsiang Chen, Hsin Chen. Besides the addition of one new female director, the board members are also younger in age and diverse.	
(II) Other than the establishment of a Remuneration Committee and Audit Committee which are required by law, does the Company plan to set up other functional committees?			(II) Besides the establishment of a Remuneration Committee and Audit Committee, the Company will establish other functional committees in the future based on the considerations of the company's operational requirements.	
(III) Does the Company stipulate performance assessment regulations and assessment methods for the board of directors and conduct the performance assessment on a yearly basis, and was the result of performance assessment reported to the board of directors for the reference of individual directors' salary and nomination of reappointment?			(III) The Company had already on March 20, 2019 formulated procedures for board of directors performance evaluation, and starting from 2019, at the end of each year, hold the Board of Directors performance evaluation for the current year based on the evaluation procedures and indicators as written in the rules. Assessment results shall be reported to the Board of Directors in Quarter 1 of the following year. The Company shall consider the company situation and requirements to formulate the measurement items of the board of directors performance evaluation, and shall cover the following five aspects: I. Level of participation in business operations of the Company. II. Improve the decision-making quality of the board of directors. III. Composition and structure of the board of directors. IV. Election and continuing education of the directors. V. Internal control. Measurement items of the directors' performance assessment to include six major aspects as below: I. Understand the objectives and mission of the Company.	
	V		II. Understanding of directors' job responsibilities. III. Level of participation in business operations of the Company. IV. Internal relationship management and communication.	

(IV) Does the company regularly evaluate its certified public accountant's independence?			V. Professionalism and continuous education of directors. VI. Internal control. At the end of each fiscal year, the executing unit shall collect related information for the board of directors, individual board members, and distribute the "Internal self evaluation survey for board of directors" and "Self evaluation survey for board member" to fill in. Lastly, after the executing unit collects the information, shall assign ratings based on the evaluation indicators, include the evaluation results in records and submit a report to the board of directors. The Company had completed 2020 Board of Directors performance evaluation at the beginning of 2021, and had reported the evaluation results to the Board meeting on March 15, 2021. The results will be used as a reference for individual director's remuneration and nomination/reappointment later. (IV) The company regularly conducts a review of the CPA's independence based on Certified Public Accountant Act and The Norm of Professional Ethics for Certified Public Accountant. The Company conducts review of the CPA's independence and competency at least once a year against indicators for accounting firms, requesting accountant/s and the firm that he/she works for to provide related information and declarations. The assessment is carried out by the Company's finance unit, assessment results for 2020 were reported to the Audit Committee on November 4, 2020, and submitted to the Board of Directors for deliberation on the same day.	

Auditor independence		Independence	
Item	Explanation	Yes	no
1	The professional accountants should avoid and should not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.	V	
2	The aduit or review of financial statements provides moderate but not absolute certainty to a wide range of potential users of statements. In addition to maintaining independence in fact, accountants' independence in appearance is more important. Therefore, members of the audit service team, other co-practicing accountants, firms, and firm-affiliated companies must maintain independence from audit clients.	V	
3	The accountants appointed by the Company has the following qualifications: (See 3.1~3.3 below)		
3.1	Integrity: A professional accountant should be straightforward and honest in all professional and business relationships.	V	
3.2	Objectivity: A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.	V	
3.3	Independence: An accountant should maintain independence in appearance and fact when performing the audit or review of financial statements, and express opinions in a fair manner.	V	
4	The independence of accountants is related to integrity, impartiality, and objectivity. There is no lack or loss of independence of accountants at the time of appointment, which in turn affects the standpoint of integrity and objectivity and impartiality.	V	
5	The independence of accountants is not affected by self-interest, self-assessment, defense, familiarity and coercion.	V	
6	Independence being affected by self-interest means obtaining financial benefits through the		

	Company, or conflicts of interest with the Company due to other interest relationships. No circumstances shown as follows: (6.1~6.6 below)						
6.1	Have a direct or significant indirect financial interest relationship with the Company.	V					
6.2	Have financing or guarantee activities with the Company or its directors and supervisors.	V					
6.3	Consider the possibility of losing the Company as a client.	V					
6.4	Have a close business relationship with the Company.	V					
6.5	There is a potential employment relationship with the Company.	V					
6.6	Contingent fees related to the Company's audit case.	V					
7	In terms of the independence being affected by self-assessment, reports or judgments made by accountants in non-audit service cases are used as an important basis for audit conclusions in the process of auditing or reviewing financial information; or that members of the audit service team have served as the Company's directors and supervisors, or may hold positions that directly and significantly influence the audit. No circumstances shown as follows: (7.1~7.2 below)						
7.1	Members of the audit service team are currently serving or have served in the last two years as the Company's directors, supervisors or managers, or the positions that directly and significantly influence the audit.	V					
7.2	The non-audit services provided to the Company directly affect the key matters of audit.	V					
8	Independence being affected by defense refers to that members of the audit service team become the defenders of the audit client's position or opinions, causing their objectivity to be questioned. No circumstances shown as follows: (8.1~8.2 below)						
8.1	Promote or mediate the trading of stocks or other securities issued by the Company.	V					
8.2	The accountant has acted as counsel of the Company or represented the Company in coordinating matters relating to conflicts with a third party.	V					
9	Independence being affected by familiarity refers to the close relationship with the board of directors, supervisors, and managers of the Company, which makes accountants or audit service team members overly concerned with or sympathetic to the interests of audit clients. No circumstances shown as follows: (9.1~9.3 below)						
9.1	Have a family relationship with the Company’s directors, supervisors, managers, or persons who have significant influence on the audit.	V					
9.2	A certified public accountant from the joint CPA firm, within one year after retirement, serves as the Company's director, supervisor, manager or position that has a significant influence on the audit.	V					
9.3	Accept valuable gifts or gratuity from the Company or its directors, supervisors, and managers.	V					
10	The impact of coercion on independence refers to that the members of the audit service team bear or feel intimidation from the Company that prevents them from maintaining objectivity and clarifying professional suspicions. No circumstances shown as follows: (0.1~10.2 below)						
10.1	Accountants are requested to accept improper choices made by the management in accounting policies or improper disclosures in financial statements.	V					
.2	In order to lower audit expenses, pressure is applied on accountants to improperly reduce the audit work that should be performed.	V					

			Competence		Requirements of competence met			Note	
			Item	Explanation	Yes	no			
			1	Whether they have accountant qualifications to perform accounting tasks.	V				
			2	Whether there has been no punishment by the competent authority or the CPA association, or sanction in accordance with Paragraph 3, Article 37 of the Securities and Exchange Act. Article 37 of the Securities and Exchange Act (Regulation of CPA Auditing and Attestation) Depending upon the seriousness of mistake or omission committed by a certified public accountant in the attestation of the financial reports referred to in paragraph 1, the Competent Authority may impose any of the following sanctions: (1). Warning. (2). Suspension from practicing any attestation under this Act for a period of two years. (3). Voidance of his/her attestation permission.	V				
			3	Knowledge of the industry relevant to the Company.	V				
			4	Whether to perform the audit of financial statements in accordance with generally accepted auditing standards and the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant, and issue financial reports in accordance with the audit planning schedule.	V				
			5	Whether taking advantage of an accountant's status to be an unfair competition in business.	V				
			6	Whether the latest changes in accounting, auditing and other related laws and regulations are proactively provided to the management, and are fully discussed and communicated on major differences.	V				
IV. Has the Company allocated qualified and sufficient number of personnel and appointed managers in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors to comply with laws, handling matters related to board meetings and shareholders meetings according to laws, recording minutes of board meetings and shareholders meetings)?	V		The Company currently has established internal units to handle meeting related matters for the Board of Directors and shareholder's meetings, to process company registration and registration of alteration, prepare meeting minutes for Board of Directors' and shareholders' meetings. The Company's vice president of finance is concurrently responsible for corporate governance-related issues in order to protect shareholders' rights and interests and strengthen the functions of the board. Vice President of Finance Ms. Eve Yang has several years of experience in accounting and other managerial work in publicly traded companies, and she also adheres to the philosophy of corporate governance and continues to carry out tasks required for the position. The main duties of the Company's corporate governance personnel consist of providing directors with information required for the implementation of business operations, assisting directors to comply with laws and regulations, and handling related matters for the board of directors meeting and shareholders meeting according to the laws and regulations, and so on. 2020 Business implementation status: 1. Assists independent directors and directors to implement business operations, provides necessary information and arranges continuous learning for directors: (1) Regularly notifies the Board members on the latest revisions to laws and regulations and its development relating to the company's area of operations and corporate governance. (2) Monitors the confidential level of related information and provides the directors the required company information, maintaining communications among directors and every business head ensuring smooth exchanges. (3) Assists independent directors and directors to formulate annual continuing education plans and course arrangements according to the company's industrial characteristics and the director's experiences and background. 2. Assists in the procedures for meetings of Board of Directors and Shareholders and resolutions matters, in compliance to laws and regulations:				No significant differences	

			(1) Reports to the Board of Directors, independent directors, Audit Committee on corporate governance implementation status, confirms whether the Shareholders meeting and Board of Directors meetings are convened according to the laws and regulations and the corporate governance best practice principles. (2) Assists in reminding directors the related laws and regulations for executing businesses or for making official resolutions to the Board of Directors. (3) Responsible for checking on matters relating to announcing material information of important resolutions by the Board of Directors to ensure the legality and accuracy of the material information in guaranteeing fairness on investors trading information. 3. Maintaining investor relationships: Make arrangements for directors and major shareholders, institutional investors or general shareholders for exchanges and communications when the need arises, to ensure investors obtain sufficient information to assess and decide the reasonableness of the corporate capital market value, so as to allow shareholders rights and interests are well maintained. 4. Informing directors of the formulated Board meeting agenda seven days prior to the meeting, convening board meetings and providing meeting information, providing reminders beforehand where recusal of directors due to conflicts of interests is required for any topic discussion, and to complete board meeting records within 20 days of the meeting. 5. Registering the date of shareholders meeting in prior according to the laws and regulations, preparing meeting notice, meeting handout, and meeting records within the legal deadline, and carry out registration matters relating to revisions to Charter or re-election of directors. Continuing education status for 2020: Vice President of Finance Ms. Eve Yang completed an 18-hour professional training course on corporate governance in 2020. Please refer to "Continuing education of the directors and managers in the recent fiscal year" for details.	

<table>
<tr>
<td>V. Has the Company established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?</td>
<td>V</td>
<td></td>
<td>The Company has created a website as a communications channel with the stakeholders, to provide contact methods and a designated section for stakeholders has been created, making appropriate responses to important CSR topics that are of concerns to the stakeholders.
1. Types of stakeholders
The Company’s definition of stakeholder is “Internal and external groups or individuals who can exert influences to TMC or are subject to influence by photomask companies.” Based on this definition, the stakeholders of the Company include shareholders, investors, employees, customers, suppliers and so on.
2. Topics of concerns by stakeholders
After the identification of the stakeholders, various communications channels are set-up in accordance to their influences on the Company and their areas of concern. Through the well-established communications channels by the Company’s responsible units, corporate governance, economic, environment and social topics as concerned by the stakeholders are compiled. The key influences to the Company’s sustainable development as defined by the assessment of major topics of concern are “Business ethics and business integrity,” “Reducing operations impacts to the environment,” “Improving customer service satisfaction” and “Social welfare and caring.”
3. Communication channels with stakeholders
<table>
<tr><th>Contact channels</th><th>Contact method</th></tr>
<tr><td>Relationship of shareholder and investor</td><td>Company spokesperson - Deputy Director LC Lin
Telephone – (03)5634370 ext 135
Email – lelin@tmcnet.com.tw
Acting Spokesperson: Deputy Manager Megan Tsai
Telephone – (03)5634370 ext 118
Email – Megan@tmcnet.com.tw</td></tr>
<tr><td>Dedicated Customer Service Section</td><td>Customer information contact - Manager I-Sheng Huang
Telephone – (03)5634370 ext 349
Email – jamesH@tmcnet.com.tw</td></tr>
<tr><td>Supplier service section</td><td>Supplier information contact - Deputy Manager Cheng-Hung Tsai
Telephone – (03)5634370 ext 412
Email –mike_tsai@tmcnet.com.tw</td></tr>
<tr><td>Employee relationship</td><td>Employee relationship contact - Section Manager Ya-Hui Huang
Telephone – (03)5634370 ext 333
Email – where@tmcnet.com.tw</td></tr>
</table>
</td>
<td>No significant differences</td>
</tr>
<tr>
<td>VI. Does the Company entrust a professional shareholder services agency to conduct matters regarding the shareholders meeting?</td>
<td>V</td>
<td></td>
<td>The Company has appointed Grand Fortune Securities to handle the Company’s shareholders meeting matters.</td>
<td>No significant differences</td>
</tr>
<tr>
<td>VII. Information disclosure
(I) Does the Company create a website to disclose information regarding its finance, business operations and corporate governance?
(II) Does the Company adopt other methodology of information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company’s information, implementing the spokesperson system, and uploading videos of the investor</td>
<td>V
V</td>
<td>

V</td>
<td>(I) The Company’s website has a dedicated page to disclose information regarding its finance, business operations and corporate governance.
(II) The Company has designated a personnel responsible for disclosing related information on the Market Observation Post System website on a regular basis and from time to time, has continued to monitor various outside reports and information and established the spokesperson system, all of the above based on the regulations of the Taiwan Stock Exchange. The company website is updated based on the investor conference processes.
(III) The Company has currently not yet published and reported its annual financial report within two months after the end of the fiscal year.</td>
<td>There are no significant differences with the other matters except this part where the company has not yet published and reported its annual financial report within two months after the end of the fiscal</td>
</tr>
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conferences on the company's website)? (III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year and published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?				year at this moment.
VIII. Does the Company have other important information that can help people to understand the operations of corporate governance (including but not limited to the employees' rights, employee care, Investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company and so on)?	V		(I) Status of employee rights and caring for employees: Please refer to the annual report section on "Labor relations information." (II) Status of rights and interests of the relationships with the investors, suppliers and stakeholders: Please refer to this annual report for the section on "Fulfillment of social responsibilities" and the Company's website on the "page dedicated to the stakeholders." (III) Status of continuing education for directors: Please refer to this annual report section on "Continuing education of the directors and managers." (IV) Status of risk management policy and risk measurement standards: Please refer to this annual report section on "Analysis and assessment of risks." (V) The company purchases liability insurance for all of the directors each year, and had on November 4, 2020 reported to the Board of Directors on the status of the insurance purchase for the most recent fiscal year.	No significant differences

IX. Explanation on the 7th Corporate Governance Evaluation results released by the Taiwan Stock Exchange Corporate Governance Center for the most recent fiscal year:

Evaluation indicators	Implementation	Improvements
Does the company website disclose related information on its finance, businesses and corporate governance?	The company has in accordance with these evaluation indicators, included the following items as a minimum to its corporate governance related information: 1. Introduction of the professional background (includes work experience and education) of the members of its Board of Directors 2. Company's corporate governance structure 3. Functional committees members composition and operations introduction 4. Company Charter, the above mentioned information are fully disclosed on the company website.	A priority for improvements in the future

(VIII) Fulfillment of social responsibility and differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies

The Company fulfills its corporate social responsibility (CSR) based on the following principles:

Implementation and promotion of corporate governance

The Company's Board of Directors shall exercise the duty of care as prudent managers to supervise the Company in fulfilling its CSR duties, and constantly reviewing performance to ensure ongoing improvement and sound execution of the CSR policy.

The Company's Board of Directors ensure fulfillment of CSR duties from the following aspects:

1. Adopt CSR into the company's operations activities and development directions.
2. Raise CSR mission (or vision, values), and formulate CSR policy declaration.
3. Ensure CSR related information disclosure.

Development of sustainable environment

The Company abides by the environmental related laws and regulations and by international standards and regulations, appropriately protects the natural environment, and executes its business activities upholding sustainable environment targets. The Company is committed to improving various resource utilization efficiency and the use of renewable materials with low environmental impact, so that the earth's resources can be utilized sustainably.

The Company considers impacts to ecology, promotes and educates consumers on sustainable consumption concepts, and carries out its operations activities such as R&D, production and service, in accordance to the following principles, to lower the impacts of company operations to the natural environment:

1. Reduce exhaustion of resources and energy in its products and services.
2. Reduce the release of pollutants, toxic and wastes, and shall carry out proper handling of wastes.
3. Increase recyclability and reusability of raw materials or products.
4. Optimize sustainable use of renewable resources to the maximum.
5. Extend the durability of products.
6. Increase efficacy of products and services.

In order to increase the utilization rate of water resources, the Company will appropriately handle sustainable utilization of water resources, shall avoid pollution of water, air and land from occurring; If it is unavoidable, shall consider cost-benefit efficiency and technology within its financial capability, adopts measures with the best possible pollution prevention and control technology asserting greatest efforts to reduce negative impacts to human health and environment.

The Company should monitor how climate change affects business activities and, based on current operations and greenhouse gas survey, develop energy/carbon reduction and greenhouse gas reduction strategies, incorporate carbon credit as part of the Company's carbon reduction strategies and enforce accordingly to reduce impacts of the company's business activities on the natural environment.

Promotion of social welfare

The Company abides by related labor laws and regulations, protects legal rights and interests of employees, and respects internationally recognized fundamental labor rights principles, does not allow events that may harm the basic rights of labor from occurring. The Company's human resource policy shall abide by basic labor rights protection principles, establish appropriate management methods and procedures.

The Company provides a working environment that is safe and healthy for labor, including necessary health and emergency facilities, and is committed to reducing harmful factors to the employees' safety and health, in order to prevent occupational hazards. At the same time, the

Company should conduct regular educational training on safety and health to its employees, provide employees with a work environment that facilitates career development, and implement effective training programs to help develop the skills needed for career advancement.

The Company shall provide a transparent and effective consumer complaint procedures for its products and services, handling consumer appeals in a fair and timely manner, and shall abide by related laws and regulations to ensure respecting consumer privacy rights, protecting the personal information provided by the consumer.

Assessment items	Operational status			The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	no	Description	
I. Does the Company conduct risk assessment on environmental, social and corporate governance issues that are relevant to its operations and stipulate risk management policies or strategies based on principles of materiality?	V		(I) The Company manages a sound CRS, has formulated Corporate Social Responsibility Code of Conduct, established concurrent unit responsible for CSR promotion, proposing and execution of CSR policy or system, and reports to the Board of Directors for review from time to time. (II) Identification of stakeholders The Company's definition of stakeholder is "Internal and external groups or individuals who can exert influences to TMC or are subject to influence by photomask companies." Based on this definition, we have identified the stakeholders for TMC which include shareholders, investors, employees, customers, suppliers and so on. Material analysis on topics of concerns by stakeholders After the identification of the stakeholders, various stakeholders communications channels are set-up in accordance to their influences to the Company and their areas of concern. Through the well-established communications channels by each of the responsible units of the CSR Committee, corporate governance, economic, environment and social topics as concerned by the stakeholders are compiled. The key influences to the Company's sustainable development as defined by the assessment of major topics of concern are "Business ethics and business integrity," "Reducing operations impacts to the environment," "Improving customer service satisfaction" and "Social welfare and caring." Stakeholders related plans: Each responsible unit of TMC's CSR Committee formulates management management guidelines based on the aforementioned analysis results, regularly reviews and assesses the effectiveness of the management guidelines, which will be used as an important basis for the company's sustainable operations strategies development. Stakeholders interactions management: TMC maintains different levels of interactions with its stakeholders based on their importance, so as to effectively utilize the company's resources, creating a double win relationship. Rewards and management of topics of concerns by stakeholders: We will co-review improvement countermeasures of important topics with each Committee during the enterprise annual functional committees meeting and arrange communications with the stakeholders, related improvement results will be disclosed.	No significant differences

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operational status</th><th rowspan="2">The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>no</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Stakeholders</th><th>Members</th><th>Scope of responsibility</th></tr>
<tr><td>Relationship of shareholder and investor</td><td>Spokesperson/Finance department</td><td>Releases monthly revenue announcements and convenes annual shareholders meetings, also establishes a complete spokesperson system and contact window for stakeholder relationships, so as to enhance the timeliness and transparency of information disclosed to guarantee the rights and interests of investors.</td></tr>
<tr><td>Customer</td><td>Business unit</td><td>The Company has passed ISO9001 and related certifications to ensure that the product design and manufacturing processes achieve highest standards to fully meet customers demands. If you are interested in the Company’s products or if you may have any questions regarding the product usage, you are welcome to contact the sales contact.</td></tr>
<tr><td>(IV) Suppliers</td><td>Purchasing department</td><td>The Company has always viewed the suppliers as important partners committed to guiding suppliers toward long term collaboration in pursuit of corporate sustainable management and growth, eventually deepens the partnership relationship of both sides.
New suppliers introduction: Review is conducted prior to introduction to meet the demands for quality, costs, delivery and environment.
Qualified suppliers: After verification of the supplier meeting the requirements, it will be listed as a qualified supplier.</td></tr>
<tr><td>Employee relationship</td><td>Human Resources department</td><td>Employee benefits: Upholds the principles of fairness and non-discrimination, provide employees equal employment opportunities.
Attracting talents and talent retention: Set-up complete remuneration and benefits system, giving employees reasonable treatment and rewards. Provides all types of educational training from time to time, refining professional skills.</td></tr>
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<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operational status</th><th rowspan="2">The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>no</th><th>Description</th></tr>
<tr><td>II. Does the Company create a dedicated (concurrently work) unit to promote corporate social responsibility, and does the board of directors authorize the high level executives to process the affairs and report to the board of directors?</td><td>V</td><td></td><td>II. The Company wants to ensure that the work environment is safe and that the employee rights are protected and respected, so as to fulfill CSR responsibilities, has engaged various functional departments to be responsible for management as assigned according to its business nature, which the managers will conduct reviews of the implementation results on a regular basis. Each operation meets the commitments made by the company.
Promotion of CSR is executed by the Company’s Finance department as a concurrent role, and has reported the implementation plans and results to the Board of Directors. The Company continues to drive CSR activities in the future.
<table>
<tr><th></th><th>Members</th><th>Work duties</th></tr>
<tr><td>Corporate governance</td><td>Finance department</td><td>Information disclosure, dividends policy, tax-related matters, and proper handling of issues of concerns to stakeholders, assists in strengthening the functional competence of the board, and attends to shareholders’ rights and interests.</td></tr>
<tr><td>Social welfare</td><td>Finance department</td><td>The finance department as the coordinating unit, its key functions include caring for society, community participation, welfare activities and corporate image, and the finance department’s small team function will invite related units to join the activities.</td></tr>
<tr><td>Environmental sustainability</td><td>Manufacturing department/ Purchasing department/ Engineering and Technology department</td><td>Production processes management of photomask. Maintenance of production equipment, improvements, planning of new factories. Manufacturing related work, including hazardous substances management, resources. Integrate and promote company environmental protection, pollution prevention, safety and health, resource savings, communications on related laws and regulations, and greenhouse gases management related work.
Purchasing business includes suppliers management, green procurement management.
Research and development of photomask, fixing abnormality of manufacturing processes, photomask finished product quality assurance, research and development of new products; related testing and certification of photomask, repair and related manufacturing processes. Promote green energy products related technology R&D innovation.</td></tr>
<tr><td>Customer equity</td><td>Business unit/ Quality</td><td>Product sales, market research and development.
Formulating product specification, quality guarantee planning, customer service, storage and transportation business.</td></tr>
</table></td><td>No significant differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operational status</th><th rowspan="2">The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>no</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>Assurance department</td><td></td></tr>
<tr><td>Employee care</td><td>Human Resources department</td><td>Talent recruitment and employment, remuneration and benefits and employee well-being and safety, educational training and development, communications and rights protection, complaint procedures.</td></tr>
</table></td><td></td></tr>
<tr><td>III. Environmental issues
(I) Has the Company set up an environmental management system designed to industry characteristics?

(II) Is the Company committed to improving</td><td>V

V</td><td></td><td>(I) Implementation of the Company’s environmental management system
1. Water resources management: Committed to raising water resources utilization, and to set short, medium and long term goals, to pursue water resources sustainable reuse as the goal.
2. Waste management: “Reducing manufacturing quantity, resource recycling” as core theme, recycling and reuse is the priority option in waste management.</td><td>No significant differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operational status</th><th rowspan="2">The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>no</th><th>Description</th></tr>
<tr><td>resource efficiency and to the use of renewable materials with low environmental impact?

(III) Has the Company assessed the current and future potential risks and opportunities from climate changes and taken measures to address climate-related issues?</td><td>V

V</td><td></td><td>(II) The Company is committed to increasing various resource utility rate for the long term, such as obtaining ISO9001 manufacturing system certification and research and set energy savings target plan each year, and through regular meetings reviews and follow-up, it is expected to reach highest efficiency for various energy and resource usage, reducing wastage and carbon. Adopts the commitments the company has made for its environment health and safety policy, uses raw materials that will reduce burden to the environment, recycle wastes, reduce and reuse.
(III) The Company has conducted assessment of current and future potential risks and opportunities arising from climate change to the enterprise, and adopts it into risk management, actively driving energy efficiency and carbon reduction.
<table>
<tr><th>Potential risks</th><th>Potential opportunity</th></tr>
<tr><td>Renewable energy, fuel/energy tax and laws and regulations: Changes in laws and regulations may impact the green energy industry’s subsidies amount and other conditions, if subsidies reduce, willingness to invest will drop.</td><td>In search for manufacturers with a competitive niche, to avoid impacts to company operations due to cancellation of subsidies.</td></tr>
<tr><td>Increased raw materials cost: Cost for bulk commodity raw materials has increased due to climate change, resulting in impacts to the company eventually.</td><td>Control related amounts of raw materials to avoid simultaneous concentration of goods.</td></tr>
<tr><td>Total volume and emissions trading: Climate change has resulted in the general rise of temperature, indirectly impacts the company’s air-conditioning equipment for increased load.</td><td>Monitor and review if there are any replacement requirements while conducting maintenance and cleaning work for the whole company, and plan ahead for replacing the old equipment, as a countermeasure to equipment with increased carbon emissions and reduced efficiency.</td></tr>
</table>
The Company is committed to environmental protection, in response to green and clean production. Through executing Process Safety Management (PSM) and systemized PDCA management cycle, has effectively reduced pollution emissions and impacts to the environment; at the same time, will</td><td></td></tr>
</table>

Assessment items	Operational status			The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	no	Description	
(IV) Has the Company compiled the greenhouse gas emissions, water consumption and total weight of waste in the past two years and established management policies for energy saving and reduction of greenhouse gas emission, water consumption and other wastes?			formulate implementing plans and programs each year, regularly trace and review progress for each item, to ensure achieving the targets. The Company has passed ISO 14001 management system certification, the General Affairs department regularly conducts inspection and tracing, to realize hazards prevention and pollution prevention, at the same time, abides by RoHS regulation of European Union, strict adherence to the restriction of hazardous substances requirements. Maintained environmental management quality and fulfilling pollution prevention and responsibilities to the society through ISO14001 environmental management system certification and SGS testing and verification system build up. In response to energy saving and carbon reduction global trends in recent years, the Company has actively conducted sorting and organization, industrial waste reduction, series of measures on treasuring resources, such as changing to energy saving lightings in offices, enhance management of air-condition, actively promotes e-processes to reduce the usage of paper, a switch to reusable chopsticks from single use, embed the concept of energy saving and carbon reduction to employees from the work environment, continue to implement waste reduction to achieve the target of zero environmental pollution. Also promotes environmental policy to suppliers, contractors and carriers, with the expectation of working together towards environmental protection. (IV) For the Company's policy on energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management, please refer to the annual report on Other Risks and Environmental Policy Countermeasures.	

Assessment items	Operational status			The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	no	Description	
IV. Social Issues (I) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles? (II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy? (III) Does the Company provide employees	V V V		(I) To fulfill CSR, protect all of the employees', customers' and stakeholders' basic human rights, abides by the principles as laid out in the various international human rights conventions such as the "United Nations Universal Declaration of Human Rights," "United Nations Guiding Principles," "United Nations Guiding Principles on Business and Human Rights," "The United Nations Global Compact," and "International Labor Organization," formulates and discloses human rights policy, disclosing related information on the company's website simultaneously. (II) The Company has formulated and implemented reasonable employee benefit measures, values employees' rights and fulfill its corporate social responsibilities. Therefore, the remuneration policy of the Company is based on the correlations of the individual's capability, his/her contribution to the company, performance, and operations performance, appropriately reflect business performance or outcome in employees' compensations to facilitate recruitment, retention and inspiration of human resources, and thereby accomplish the Company's goals toward sustainability. The Company's actual average employee salary for 2019 was adjusted to 0-8%. Status of the Company's employee benefit measures, continuing education and trainings: [Salary and motivation system] Salary and multiple rewards system (Dragon Boat Festival, Mid-Autumn Festival and year-end bonus), additional performance bonus and allocation of earnings, production bonus, station allowance; flexible salary adjustment for individuals; employee bonus, employee stock option. [Life care and protection] Enjoy complete group insurance (free life insurance/accident insurance/hospitalization medical treatment/accident medical treatment/occupational hazard); cash gifts and subsidies for child birth, weddings, death in the family; birthdays/occasions gift vouchers; free annual employee health check-ups; appointed store; welfare committee to regularly organize travels and various sporting events and domestic and overseas travel subsidies; employee health care, regular visits by doctors and nurses providing on-site care, professional consultation sessions and suggestions for employees; Christmas party. [Convenient facilities] Provides complete indoor employee parking spaces; indoor badminton court, tennis court, table tennis and so on leisure facilities; established lactation room, complete facility for use by female employees; established employee canteen, provides free coffee, tea beverages, and 180-inch large	No significant differences

Assessment items	Operational status			The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	no	Description	
with a safe and healthy working environment and regularly conduct safety and health training?	V		screen viewing; provides accommodation for job candidates from other cities. [Trainings] Provides new employee educational training; conducts work training based on the employee's work requirements; provides external training to employees for self-learning and growth. (III) The Company has established an employee welfare committee according to laws and regulations, and has organized various employee activities and health check-ups from time to time, to protect the well-being and health of the employees. The Company's healthy work environment and employee safety protection measures are as below: 1. Environmental safety (1) Regularly check on, test and maintain the fire safety equipment and various public facilities, cooperate with the government regulation prohibiting smoking within the factory. (2) Engage professional office cleaning and disinfection companies regularly once a year, to ensure a safe and comfortable work environment. 2. Fire safety aspects: Established a complete fire safety system according to the Fire Services Act. 3. Employee health care: Regularly organize the end of year comprehensive employee health check-up.	
(IV) Has the Company established effective career development training plans?	V		(IV) The Company has set-up comprehensive educational training, to assist employees with diverse career development.	
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for consumer protection and grievance procedures with respect to consumer health and safety, customer privacy, marketing and labeling of products and services?	V		(V) The Company has set-up a professional and dedicated customer service team responsible for handling demands and complaints from customers. Abides by the environmental protection requirements of the EU RoHS Directive with suppliers. The Company follows related laws and regulations and international standards in the marketing and labelling of its products and services, and marked with obvious labelling.	
(VI) Has the Company established supplier management policies which require suppliers to comply with regulations on environmental protection, occupational safety and health or labor rights and reported the implementation?			(VI) The Company requests its suppliers to abide by corporate social responsibilities and has built up an internal supplier management policy, requesting suppliers to provide hazardous substance free declaration, environmental management system certification and safety data sheet. The Company conducts regular audit inspections with major suppliers, its contents include various laws and regulations and standards. If there are occurrences of violations and obvious harm to the environment and society, the supplier cannot pass the audit and any dealings with the supplier has to be terminated anytime.	

Assessment items	Operational status			The differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	no	Description	
V. Has the Company referred to international reporting standards or guidelines in its preparation of corporate social responsibility reports and other reports which disclose the Company's non-financial information? Does the preceding report obtain verification or opinions from a third-party authentication unit?		V	The Company has not yet prepared its corporate social responsibility report, but has disclosed relevant and reliable CSR information on its website, strengthening its stakeholders communications. Has already disclosed each of the related information on the Market Observation Post System website as required by regulations.	The Company has not prepared its Corporate Social Responsibility Report.
VI. If the Company has established its corporate social responsibility code of practice according to the "Corporate Social Responsibility Best Practice Principles for Listed Companies", please describe the operational status and differences: The Company has established its "Corporate Social Responsibility Code of Conduct" and there are no significant differences to the actual operations and the Principles for Listed Companies.				
VII. Other important information that can help others to understand the operations of the corporate social responsibility (CSR): This is a dedicated page on the Company's website to disclose CSR operations and stakeholders, CSR-related operations are regularly updated helping others to understand the status of the CSR operations.				

Note:

1. For a company who has already prepared its CSR report, a note is required for the operational status stating the method to search the CSR report and the index entries substitution: The Company has not yet prepared its CSR report.

2. Principles of materiality refers to major impacts to the Company's investors and other stakeholders as a result of environmental, social and corporate governance issues.

(IX) Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies

Assessment items	Operational status			Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	no	Description	
I. Stipulate ethical management policies and plans				No significant differences
(I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?	V		(I) The Company's "Corporate Social Responsibility Code of Conduct" had been approved by the Board of Directors on August 6, 2015. There are no differences between actual operations and the Code. The Company is in compliance with the laws and regulations. The Board of Directors was eager to and had duly approved the Corporate Social Responsibility Code of Conduct policy, and in the document, details of the policy and active commitments by the Board of Directors and management level to implement it can be found.	
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(II) The Company has set-up a regular and random audit of the implementation situation by the audit personnel and CPA for active response of any potential conflicts of interests within the company. (III) For promoting and educating on ethical conducts, the Company's Corporate Social Responsibility Code of Conduct is published on the company website for reference by its personnel anytime as a basis for individual behavior. A unit to handle unethical behavior reporting is also established. If there are discovery of any major events of violations or major damages to the company, the unit will prepare a report immediately and report to the independent directors so as to fulfill the implementation of unethical behavior handling. The company emphasizes its determination to combat dishonest practices through internal control	

Assessment items	Operational status			Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	no	Description	
(III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice and regularly reviewed and amended the program?			system, work rules, new employee orientation education training, regular campaigns, and monitoring via accounting system, requesting its employees to adhere to the principle of conflict of interests avoidance, and promotes the company's policy to its suppliers.	
II. Fulfillment of ethical management (I) Does the Company evaluate the ethical record of the counterparties and clearly stipulate the ethical behavior clause in the contract signed with the counterparties? (II) Has the Company established a full- (or part-) time specialized unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the	V V V		(I) Before the Company enters into any business activity, will first conduct assessment of the counterparty for its legality, ethics and prudence, so as to ensure both parties engage in a fair and transparent trading conduct, create a fair environment for competition, maintaining the company's competitiveness. (II) Honesty and faithfulness have always been an important management philosophy of the Company, ethics has been promoted from various aspects in full efforts from the Board of Directors to each of the department management, to which all of the employees should embrace and adhere to the Ethical Operations Management Best Practice Principles. The Company has also established an Audit Committee and internal control system to monitor the company in abiding by the laws and regulations. The Company assigned the Human Resources	No significant differences

Assessment items	Operational status			Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	no	Description	
status of supervision to the board? (III) Does the company stipulate a policy to prevent conflicts of interest and provide a proper channel for communication, and practically implement the policy? (IV) Does the company establish an effective accounting system and internal control system for practical implementation of ethical corporate management, and is the system regularly audited by the internal auditing unit, and does the unit propose relevant audit plans based on the assessment results of the risk of misconduct for auditing the implementation status of the prevention plan for misconduct, or entrusted to an accountant for auditing? (V) Does the Company regularly conduct internal and external education and training for ethical management?	V V V		Department as the accountable unit, ensuring the fulfillment of Ethical Operations Management Best Practice Principles based on each unit's work duties and scope, and the accountable unit will report to the Board of Directors on a regular basis on the implementation status. Implementation status of the Company's 2020 Ethical Operations Management has been reported to the Board on November 4, 2020. (III) The Company has established Ethical Operations Management Best Practice Principles to prevent conflicts of interest and provide a proper channel for communication. The Company conducts its business activities in a fair and transparent way based on the principles of ethical operations management. In addition, the company has already formulated the whistleblowing system procedures to report on illegal (including corruption) and unethical behaviors. (IV) The Company's accounting system and internal control system are formulated based on related laws and regulations. The internal audit unit prepares the draft work report and audit report based on the audit results, submit them to the Board of Directors, and hold regular and random audits with the CPA. (V) The Ethical Corporate Management Best Practice Principles have been announced on the Company's website and communicated with employees at monthly management meetings. In 2020, it was promoted through the corporate website and on various occasions to educate employees about adhereing to work philosophy and attitude of integrity, fairness, transparency, and self-discipline. In addition, the Company dispatched 3 people to receive a total of 36 hours of external training in 2020.	

Assessment items	Operational status			Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	no	Description	
III. Operational status of the whistleblowing system of the Company (I) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel and assign appropriate and dedicated personnel to deal with the respondent? (II) Does the company stipulate the standard operating procedures, the follow-up measures should be taken after the investigation and relevant confidentiality mechanism for the reported matters? (III) Does the company take preventive measures to protect the whistleblower from improper treatment due to the report?	V V V		(I) For whistleblowing/complaints matters of any possible violations of laws and regulations or the code of conduct, the Company may report to the Company's audit office. The Company establishes standard operating procedures for investigating the complaints received and protects the informant's identity by establishing confidentiality mechanisms. (II) The Company formulates complaint procedures, set-up responsible units to handle the cases and set-up the handling procedures, abides by privacy data laws and strictly prohibits retaliation conducted against the informant. The Company's "Ethical Operations Management Best Practice Principles" has stipulated standard operating procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner. (III) The Company's "Ethical Operations Management Best Practice Principles" has stipulated items in the investigation of the complaints received, protection of informant's identity and details of reported misconduct, proper measures to shield a complainant from retaliation for filing complaints.	No significant differences
IV. Reinforcement of information disclosure (I) Does the company reveal the content of Ethical Corporate Management Best Practice Principles and the implementation results on its website and on the website of the Market Observation Post System?	V		The Company has disclosed its ethical operations management information on its website which has a designated page for corporate governance in addition to disclosing in its annual report.	No significant differences
V. If the Company has stipulated its Ethical Corporate Management Best Practice Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the difference between its operations and the stipulated principles: (I) The Company's "Corporate Social Responsibility Code of Conduct" had been approved by the Board of Directors on August 6, 2015. There are no differences between actual operations and the Code. (I) Regular advocacy on ethical operations management concept and advocated to all of the employees on a regular basis during educational trainings:				

Assessment items	Operational status			Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	no	Description	
Ethical Operations Management Best Practice Principles have been announced on the Company's website, and are promoted to the employees during monthly management meetings. (II) Ethical conduct is listed as one of the terms and conditions in contracts with counterparties. (III) Internal independent grievance reporting mailbox and dedicated line has been established and announced on the Company's website and on the internal website: No whistleblowing cases on ethics have been received in 2020.				
VI. Other important information that helps to understand the implementation status of the company's ethics management (such as situation of the company conducting review and revision of its Ethical Operations Management Best Practice Principles): In order to fulfill corporate governance, the responsible unit for ethical management has been changed from the audit office to the Human Resources Department. Revisions to partial articles of the Company's "Ethical Operations Management Best Practice Principles" have been approved by the Board of Directors on November 4, 2020.				

(X) The Company formulates governance principles and related regulations

The Company's website has a dedicated page to corporate governance for investors to search and download related corporate governance regulations, please refer to the Company's website.
https://www.tmcnet.com.tw/GoVernace.aspx

1. Articles of Incorporation
2. Procedures for Lending Funds to Others
3. Asset Acquisition and Disposal Procedures
4. Policies and Procedures for Preventing Insider Trading
5. Procedures for Handling Material Inside Information
6. Audit Committee Foundation Principles
7. Remuneration Committee Foundation Principles
8. Ethical Operations Management Best Practice Principles
9. Corporate Social Responsibility Code of Conduct
10. Ethical Behavior Code of Conduct

Regarding the corporate governance-related situation of the Company, please refer to this annual report for the section on "The governance status of the Company, and the differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons."

(XI) Policies and Procedures for Preventing Insider Trading and Procedures for Handling Material Inside Information

To establish a sound material inside information handling and disclosure mechanism, for avoiding improper divulgence of information and to ensure consistency and accuracy of information announced by the Company to outside, and to strengthen the prevention of insider trading, the regulation is specially formulated and hereby provided to all directors, managers and company employees to abide by and for timely education and advocacy purpose. Refer to the Company's website for related information.
https://www.tmcnet.com.tw/GoVernace.aspx

(XII) Implementation status of internal control system

1. Statement on Internal Control

Taiwan Mask Corporation

Statement on Internal Control

Date: March 15, 2021

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year of 2020:

I. The Company's board and management are responsible for establishing, implementing and maintaining a proper internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability of our financial reporting and compliance with applicable laws and regulations.

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

III. We evaluate the design and operating effectiveness of the internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein blow, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. Control environment. 2. Risk assessment. 3. Control activities. 4. Information and communication. 5. Monitoring. Each component has its own items. Please see the Regulations for details.

IV. We have evaluated the design and operating effectiveness of our internal control system according to the aforementioned Regulations.

V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2020. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's operational results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

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

VII. This Statement has been passed by the board in the meeting held on March 15, 2021, all of the attending directors affirm to the content of this Statement.

Taiwan Mask Corporation

Chairman: Sean Chen

General Manager: Lido n

2. Where a CPA has to be hired to carry out a special audit of the internal control system, furnish the CPA audit report: None of such situations.

(XIII) For the year 2020 or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system, and the penalties which may have a significant impact on shareholders' equity or the price of securities, and list the content of penalties, principal deficiencies, and the state any efforts to make improvements.

The Company violated Article 28-2 of the Securities and Exchange Act in its 26th repurchase of treasury stocks in 2020 and was fined NT$300,000. The Company's board approved a loan Innova Vision on March 20, 2019, and authorized the chairman to allocate the loan, within NT$200 million, in installments within a period of not more than one year. As of August 31, 2020, the loan balance was 150 million, and the loan period has exceeded 1 year. It is verified that it violated Article 36-1, Subparagraph 1, Paragraph 1 of Article 178, Article 179 of the Securities and Exchange Act, and Article 3 of the Regulations Governing Establishment of Internal Control Systems by Public Companies, resulting in a penalty fine of NT$240,000. The Company has been more cautious and rigorous in the implementation of internal control, so the punishment results of the two incidents have no significant impact on the Company's shareholders' equity or securities prices.

(XIV) Material resolutions of a shareholders meeting or a board of directors meeting during the year of 2020 and during the current fiscal year up to the date of publication of the annual report:

1. Material resolutions of a shareholders meeting

Key resolutions from the Company’s shareholders' meeting 2020 and their implementation listed as below:

(1) Ratification of 2019 business report and financial statements.

Implementation outcome: Resolution approved. Ratification of 2019 Business Report and Financial Statements, of which the consolidated revenue for the whole year is NTD 3,468,682 thousand, net income is approximately NTD 311,940 thousand, basic earnings per share is NTD2.19.

(2) Ratification of 2019 profit distribution.

Implementation outcome: Resolution approved. Resolution approved for distributing NTD1.07 per share, ex-dividend base date was set as July 17 2020 as approved by the Board of Directors resolution on June 10, 2020, and cash dividends were distributed on August 7, 2020.

(3) Partial amendments to the Company’s "Articles of Incorporation."

Implementation outcome: Resolution approved. The registration was approved by authority with approval document number Zhu-Guan-Ji-Guan-Zhu-Shang-Zi No. 1090017096 issued on June 18, 2020.

(4) Partial amendments to the Company's “Procedures for Acquisition or Disposal of Assets”

Implementation outcome: Resolution approved. The Procedures are disclosed on the Company’s website.

2. Key resolutions from the board meeting

Key resolutions by the Company's Board of Directors since January 1, 2020 until the publication date of the annual report are as follows:

Date	Term	Key resolutions
2020.01.15	16th time of the 10th batch	The Company's organizational adjustments Discharge of the Company's General Manager Changes to the Company's financial and accounting officer and corporate governance officer Bring forward re-election of all directors (including independent directors) and handling of the candidates list for directors (including independent directors) Agreeing non-compete for newly elected directors (including independent directors) 2020 First Shareholders Special Meeting convening Chairperson election
2020.02.20	17th time of the 11th batch	Treasury shares transfer to employees (including managers) Propose to request for a Board ratification on the candidate list for directors (including independent directors) and candidate qualifications Restrictions on Non-Compete Clause of Directors (including Independent Directors) Amendments to "Procedures for Authorization" Amendments to the Company's "Authorization Chart of Procedures for Handling Acquisition or Disposal of Assets" Amendments to "Procedures for monitoring and control of subsidiaries" and adding the Company's "Management Policy of Affiliated Companies" Loans to subsidiary Aptos Technology INC. Endorsements/guarantees for subsidiary Miracle Technology CO., LTD. Appointment of Vice General Manager of the Company
2020.03.17	18th time of the 11th batch	Plan to purchase high-tech factory in Zhunan Science Park The Company has signed Memorandum of Understanding with Mr. Yarn Chen on February 26, 2020 Distribution of employees and directors' remuneration for 2019 2019 Business Report and Financial Statements 2019 Earnings distribution Issuance of 2019 Statement on Internal Control Partial amendments to the Company's "Internal Control General Rules of Internal Control System" Partial amendments to the Company's "Articles of Incorporation" Partial amendments to the Company's "Procedures for Acquisition or Disposal of Assets" and "Authorization Chart of Procedures for Handling Acquisition or Disposal of Assets" Amendments to "Procedures for Authorization" Partial amendments to the Company's "Corporate Governance Best Practice Principles" Partial amendments to the Company's "Corporate Social Responsibility Code of Conduct" Partial amendments to the Company's "Regulations Governing Procedure for Board of Directors' Meetings" Partial amendments to the Company's "Audit Committee Foundation Principles." Convening 2020 Shareholders' Meeting The shareholders' proposal rights were handled at the 2020 shareholders' meeting. The Company's lending The Company establishes and expands its credit line amount with the bank Changes to the Company's financial and accounting officer and corporate governance officer Revision to salary and compensation structure of the Company's directors and managers
2020.03.18	1st time of the 12th batch	The Company's 12th Term Chairperson election

2020.05.06	2nd time of the 12th batch	The Company plans to participate in cash capital increase of its subsidiary Youe Chung Capital Corporation (hereinafter referred to as Youe Chung) The Company's subsidiary Youe Chung proposes to participate in capital increase of Xsense Technology Corp. (B.V.I.) Amendment to partial articles of the "Procedures for monitoring and control of subsidiaries" Amendment of names and partial articles of the Company's "Performance Appraisal of the Board of Directors" Partial amendments to the Company's "Procedures for Acquisition or Disposal of Assets" Propose to appoint the Company's 5th Remuneration Committee member Acknowledgment of personnel for directors, supervisors and managers of subsidiaries
2020.06.10	3rd time of the 12th batch	Revision to salary and compensation schedule of the Company's directors and managers
	3rd time of the 12th batch	Proposal to set the base date of cash dividends and the related matters.
2020.06.10		Proposal to change the Company's shareholder services agent.
2020.08.05	4th time of the 12th batch	Proposal to amend the Company's "Affiliates Management Guidelines"
		Capital expenditure required for the proposal to purchase photomask repair machine
		Propose to appoint the Company's 5th bath of Remuneration Committee member
		Distribution of 2019 employee remuneration and Q3 2020 bonus for the Company's manager
	4th time of the 12th batch	2019 distribution of directors' remuneration
2020.08.05		Ratification of directors of subsidiary Aptos Technology
2020.11.04	5th time of the 12th batch	Ratification of acquisition of marketable securities of subsidiary Youe Chung Capital
		The Company establishes and expands its credit line amount with the bank
		The Company proposed to implement the 26th repurchase of treasury stocks
		Capital expenditure for the Company's photomask testing machine
		Construction expenditure for the technology plant in Zhunan Science Park
		2021 operational plan and budget
		Annual Audit Plan for Internal Control System 2021
	5th time of the 12th batch	Personnel for directors, supervisors and managers of subsidiaries
2020.11.04		Regular assessment of the independence and competency of certified public accountants
2020.12.15	6th time of the 12th batch	Amend provisions of the "Rules for Election of Directors", "Board Meeting Rules of Procedures" and "Ethical Behavior Code of Conduct". Amendments to the provisions of the "Ethical Corporate Management Best Practice Principles". The Company establishes and expands its credit line amount with the bank
		The Company proposed transfer of treasury stocks for employee share subscription
2020.12.30	7th time of the 12th batch	Construction of clean room for the technology plant in Zhunan Science Park The Company proposed to participate in the capital increase of Innova Vision The Company and its subsidiary Youe Chung Capital proposed to participate in the capital increase of Unicon Vision Ratification of the Company and its subsidiary Youe Chung Capital acquiring marketable securities Personnel for directors, supervisors and managers of subsidiaries Donation to establish the Taiwan Mask Charity Foundation
2021.02.03	8th time of the 12th batch	The Company proposed transfer of treasury stocks for employee share subscription The Company proposed to implement the 27th repurchase of treasury stocks
2021.03.15	9th time of the 12th batch	Distribution of employees and directors' remuneration for 2020 2020 Business Report and Financial Reports 2020 Annual profit distribution The Company's 2020 Internal Control System Validity Evaluation and Declaration of Internal Control System. Capital expenditure for the Company's machine equipment and clean room The Company proposed to participate in the capital increase of Innova Vision The Company proposed transfer of treasury stocks for employee share subscription The Company proposed to raise and issue its third domestic unsecured covertible

		corporate bonds Endorsements/guarantees for subsidiary Miracle Technology Co., Ltd. Personnel for directors, supervisors and managers of subsidiaries Amendments to the provisions of the Rules of Procedures for Shareholders Meetings. By-election of one seat of independent director and acceptance of nomination of independent director candidates List and qualifications of candidates for independent directors nominated by the board Agreed on the non-compete clause for representatives of newly-elected directors Held the 2021 Annual General Meeting The shareholders' proposal rights were handled at the 2021 shareholders' meeting. Rules of distribution of quarterly bonuses for managers The Company establishes and expands its credit line amount with the bank Update Taiwan Mask Charity Foundation establish issue
2021.04.29	10th time of the 12th batch	Add the reasons for convening the 2011 shareholders meeting Update Taiwan Mask Charity Foundation establish issue Raise and issue the third domestic unsecured conversion of corporate bonds (Supplementary Notes
2021.05.05	11th time of the 12th batch	Personnel change of the Company and its subsidiaries The Company's capital expenditure Acquisition of marketable securities of subsidiary Youe Chung Capital The Company establishes and expands its credit line with the bank

(XV) Where, during 2020 or during the current fiscal year up to the date of publication of the annual report, a director or independent director has expressed a dissenting opinion with respect to a key resolution passed by the board, and the dissenting opinion has been recorded or prepared as a written declaration:

At the board meeting held on February 3, 2021, independent director Yu-Chiun Wu expressed his objection or reservation regarding the Company's proposal to implement the 27th repurchase of treasury stocks.

(1) The Company's financial position and liquidity funds should be considered when implementing treasury stocks repurchase.

(2) The Company shall propose a specific plan to attract talents for its long-term development plan.

(3) If it is urgent, the 3,000,000 shares in the previous proposal can be considered.

(4) If the proposal still needs to be passed, it is recommended to delete "Part-time employees and consultants" and the related content in Article 4 of the transfer measures to reduce disputes.

The Company's corresponding measures: The Company's current financial position and liquidity are not concerning. The Company will propose specific solutions when implementing transfer of treasury stocks to attract talents who can be part of the Company's long-term development.

(XVI) A summary of resignations and dismissals, during 2020 or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, principal corporate governance officer and principal research and development officer.

Job title	Name	On-board date	Dismissal date	Reason for resignation or dismissal
Chairperson	K.J. Wu	2017/06/23	2020/01/15	Service ended (adjustments to the Group's organization)
Chairperson	Michael Tsai	2020/01/15	2020/11/4	Dismissal (in line with the Group's organizational restructuring)
General Manager	Yarn Chen	2017/10/01	2020/01/15	Service ended (adjustments to the Group's organization)
Manager of Finance Department/Corporate Governance Officer	Marie Wu	2018/01/15	2020/01/15	Service ended (adjustments to the Group's organization)

V. Information on professional fee of accountant

(I) Audit fee of independent auditors

Name of Accounting Firm	Accountant		Audit Period
PricewaterhouseCoopers Taiwan	Tien-I Li	Ya-Hui Cheng	2020.01.01~2020.12.31

Unit: NT$Thousand

Fee Bracket \ Type of Fee		Professional audit fee	Non-professional audit fee	Total
1	Below NT$ 2,000 thousand			
2	NT$ 2,000 thousand (inclusive) ~ NT$ 4,000 thousand		2,153	2,153
3	NT$ 4,000 thousand (inclusive) ~ NT$ 6,000 thousand			
4	NT$ 6,000 thousand (inclusive) ~ NT$ 8,000 thousand	7,000		7,000
5	NT$ 8,000 thousand (inclusive) ~ NT$ 10,000 thousand			
6	NT$ 10,000 thousand and above			

Name of Accounting Firm	Accountant	Professional audit fee	Non-professional audit fee					Audit Period	Note
			System Design	Company Registration	Human Resources	Others	Subtotal		
Pricewaterhouse Coopers Taiwan	Tien-I Li Ya-Hui Cheng	7,000	0	85	0	2,068	2,153	2020.01.01~ 2020.12.31	Note

Note: The above mentioned accounting fees are the professional audit fee and non-audit fee that is paid to the Company's Certified Public Accountant (CPA) and the affiliated company of the CPA's accounting firm.

(1) The Company: The professional audit fee is NT$5,050 thousand; Non-audit fee is NT$1,146 thousand (legal consultation, agenda review and others).

(2) Subsidiaries: The professional audit fee is NT$1,950 thousand; Non-audit fee is NT$1,007 thousand (see below for details).

(I) The non-audit fee paid to the certified accountant, the firm of the certified accountant and its affiliated institution is more than a quarter of the professional audit fee: In 2020, the Group paid a total of NT$2,153 thousand to PricewaterhouseCoopers, Taiwan for business registration,

organizational restructuring consultation, financial information agreement procedures and other services.

(III) If the accounting firm is changed and the professional audit fee paid in the year of change is lower than in the previous year prior to the change, the amount and reason for the professional audit fee before and after the change: Not applicable.

(IV) If the professional audit fee has decreased by more than 10% compared with the previous year, the decreased amount, proportion and reason for the reduction of professional audit fee: None of such situations.

VI. Information on change of accountant: Not applicable.

VII. Information on the chairman, general manager, manager in charge of financial or accounting affairs of the Company who has worked in the accounting firm or an affiliated company of the certified accountant for the past one year: None of such situations.

VIII. Status of any equity transferred and changes in pledge of stock rights in recent years and until the publication date of the annual report by directors, independent directors, managers and shareholders with over 10% shares

(I) Changes to share ownership

Unit: Shares

Job title	Name	2020		Year ended April 2, 2021	
		Increasing (decreasing) number of shares held	Increasing (decreasing) number of pledged shares held	Increasing (decreasing) number of shares held	Increasing (decreasing) number of pledged shares held
Chairperson	Cheng-Hsiang Chen (Appointment date was March 18, 2020)	2,000,000	-	-	-
Director and General Manager	Lidon Chen (President took office on 2020/1/15, and directors took office on 2020/3/18)	2,000,000	2,00,000	-	-
Director	Chao-Yi Wu (Appointment date was March 18, 2020)	8,907,000	-	-	-
Director	Fushuo Investment Co., Ltd.	(1,820,000)	-	(180,000)	-
	Representative: Martin Chu (Took office on 2020/11/4)	-	-	-	-
	Representative: Michael Tsai (Termination on 2020/11/4)	-	-	Not applicable.	Not applicable.
Independent Director	Yu-Chiun Wu	-	-	-	-
Independent Director	Tai-Ning Hsieh (Service ended 2020/6/23)	-	-	Not applicable.	Not applicable.
Independent Director	Hsin Chen (Appointed on 2020/3/18, and passed away on 2021/3/13)	-	-	-	-
Chief Executive Officer	K.J. Wu (Appointment date was January 15, 2020)	(470,477)	3,800,000	-	1,511,523
Executive Vice General Manager	Vincent Tsai	1,340,000 (1,523,000)	-	0 (197,000)	-
Vice General Manager of Operations	Nester Huang (Appointment date was February 20, 2020)	500,000 (57,000)	400,000 (110,000)	500,000 (88,000)	555,000 (145,000)
Vice General Manager of Finance	Eve Yang (Appointment date was March 17, 2020)	1,000,000 (15,000)	1,000,000 (376,000)	200,000 (27,000)	200,000
Major Shareholder	Youe Chung Capital Corporation	-	-	-	17,332,000
Director	Yu-Shian Tsai (Service ended March 18, 2020)	-	-	Not applicable.	Not applicable.
Independent Director	Yun Ji (Service ended March 18, 2020)	-	-	Not applicable.	Not applicable.
General Manager	Yarn Chen (Service ended January 15, 2020)	-	-	Not applicable.	Not applicable.
Manager of Finance Department	Marie Wu (Service ended January 15, 2020)	-	-	Not applicable.	Not applicable.

Head of corporate governance					
Deputy Manager of Finance Department	Megan Tsai (Appointed on January 15, 2020, Service ended March 17, 2020)	-	-	Not applicable.	Not applicable.

Note: Youe Chung Capital Corporation is top-10 major shareholder with over 10% of the Company's total shares.
Executive Vice President Vincent Tsai retired on April 15, 2021.

(II) Equity transfer information: No equity transfer with a related party.
(III) Equity pledge information: No equity pledge with a related party.

IX. Top ten shareholders by shareholding proportion and information of relationships among them

Unit: shares; %

Name	Shares owned by the person		Shares held by spouse, underage dependents		Shares Held in the Name of Others		Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or blood relative within the second degree		Note
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Youe Chung Capital Corporation	37,081,440	14.67%	-	-	-	-	-	-	-
Youe Chung Capital Corporation Representative: Chang-Ji Hsu	1,361,000	0.54%	-	-	-	-	-	-	-
Chao-Yi Wu	8,907,000	3.53%	341,000	0.13%	-	-	K.J. Wu	Father and daughter	-
K.J. Wu	5,311,523	2.10%	1,064,000	0.42%	-	-	Chao-Yi Wu	Father and daughter	-
Fushuo Investment Co., Ltd.	4,364,000	1.73%	-	-	-	-	-	-	-
Fushuo Investment Co., Ltd. Representative: Ji-Yuan Chen	-	-	-	-	-	-	-	-	-
Kuo-Feng Li	2,500,000	0.99%	-	-	-	-	-	-	-
Chun-Sheng Tseng	2,290,000	0.91%	-	-	-	-	-	-	-
Cheng-Hsiang Chen	2,000,000	0.79%	-	-	-	-	-	-	-
Lidon Chen	2,000,000	0.79%	-	-	-	-	-	-	-
Chia-Sheng Hsu	1,700,000	0.67%	-	-	-	-	-	-	-
Parkson Chen	1,667,127	0.69%	802,892	0.32%	-	-	-	-	-

X. Company, company's directors, managers and businesses in direct or indirect control by the company, their number of shares of the reinvested businesses, and the consolidated calculation of the comprehensive shareholding ratio

December 31, 2020

Unit: shares; %

Reinvested businesses	Invested by the Company		Investments by directors, supervisors, managers and businesses in direct or indirect control		Total Ownership	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
SunnyLake Park International Holdings, Inc.	3,120,000	100%	-	-	3,120,000	100%

Youe Chung Capital Corporation	201,969,484	100%	-	-	201,969,484	100%
Miracle Technology Co., Ltd.	22,955,033	100%	-	-	22,955,033	100%
Weida Hi-Tech Company	12,176,880	36.7%	-	-	12,176,880	36.7%
Advagene Biopharma Co., Ltd.	12,549,652	23.15%	3,550,223	6.55%	16,099,875	29.7%
Aptos Technology	-	-	33,732,108	38.16%	33,732,108	38.16%
Xsense Technology (BVI)	-	-	81,818,181	35.38%	81,818,181	35.38%
Innova Vision	2,599,457	13.00%	641,281	3.21%	3,240,738	16.21%

Note: Investment by the company by using the equity method.

Four. Financing Activities

I. Capital and shares

(I) Source of capital

Unit: Shares: NTD

Year / Month	Issue Price	Authorized Share Capital		Paid-in Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Capital Increase by Assets Other than Cash	Others
1988/10	$10.00	35,000,000	$350,000,000	8,750,000	$87,500,000	Please refer to attached Note (1)		
1990/06	$10.00	35,000,000	$350,000,000	35,000,000	$350,000,000	Please refer to attached Note (2)		
1991/05	$10.00	50,000,000	$500,000,000	40,250,000	$402,500,000	Please refer to attached Note (3)		
1992/07	$10.00	50,000,000	$500,000,000	44,275,000	$442,750,000	Please refer to attached Note (4)		
1995/06	$10.00	70,000,000	$700,000,000	55,883,750	$558,837,500	Please refer to attached Note (5)		
1996/04	$10.00	70,000,000	$700,000,000	64,427,500	$644,275,000	Please refer to attached Note (6)		
1996/06	$10.00	100,000,000	$1,000,000,000	88,077,125	$880,771,250	Please refer to attached Note (7)		
1997/04	$10.00	100,000,000	$1,000,000,000	100,000,000	$1,000,000,000	Please refer to attached Note (8)		
1997/06	$10.00	250,000,000	$2,500,000,000	146,700,000	$1,467,000,000	Please refer to attached Note (9)		
1998/07	$10.00	270,000,000	$2,700,000,000	237,420,000	$2,374,200,000	Please refer to attached Note (10)		

1999/08	$10.00	389,000,000	$3,891,000,000	267,287,969	$2,672,879,690	Please refer to attached Note (11)		
1999/10	$10.00	389,000,000	$3,891,000,000	267,290,313	$2,672,903,130	Please refer to attached Note (12)		
2000/08	$10.00	389,000,000	$3,891,000,000	294,037,400	$2,940,374,000	Please refer to attached Note (13)		
2000/12	$10.00	389,000,000	$3,891,000,000	331,189,900	$3,311,899,000	Please refer to attached Note (14)		
2001/07	$10.00	450,000,000	$4,500,000,000	374,784,587	$3,747,845,870	Please refer to attached Note (15)		
2002/08	$10.00	500,000,000	$5,000,000,000	424,917,953	$4,249,179,530	Please refer to attached Note (16)		
2003/06	$10.00	500,000,000	$5,000,000,000	398,093,953	$3,980,939,530	Please refer to attached Note (17)		
2003/09	$10.00	500,000,000	$5,000,000,000	399,593,953	$3,995,939,530	Please refer to attached Note (18)		
2003/11	$10.00	500,000,000	$5,000,000,000	398,181,953	$3,981,819,530	Please refer to attached Note (19)		
2004/06	$10.00	500,000,000	$5,000,000,000	379,443,953	$3,794,439,530	Please refer to attached Note (20)		
2004/08	$10.00	500,000,000	$5,000,000,000	369,443,953	$3,694,439,530	Please refer to attached Note (21)		
2004/10	$10.00	500,000,000	$5,000,000,000	370,943,953	$3,709,439,530	Please refer to attached Note (22)		
2004/12	$10.00	500,000,000	$5,000,000,000	361,963,953	$3,619,639,530	Please refer to attached Note (23)		

2005/09	$10.00	500,000,000	$5,000,000,000	359,498,953	$3,594,989,530	Please refer to attached Note (24)		
2006/02	$10.00	500,000,000	$5,000,000,000	353,902,953	$3,539,029,530	Please refer to attached Note (25)		
2008/05	$10.00	500,000,000	$5,000,000,000	351,072,953	$3,510,729,530	Please refer to attached Note (26)		
2008/10	$10.00	500,000,000	$5,000,000,000	345,072,953	$3,450,729,530	Please refer to attached Note (27)		
2009/01	$10.00	500,000,000	$5,000,000,000	335,072,953	$3,350,729,530	Please refer to attached Note (28)		
2009/11	$10.00	500,000,000	$5,000,000,000	338,908,953	$3,389,089,530	Please refer to attached Note (29)		
2010/09	$10.00	500,000,000	$5,000,000,000	288,072,611	$2,880,726,110	Please refer to attached Note (30)		
2011/09	$10.00	500,000,000	$5,000,000,000	282,072,611	$2,820,726,110	Please refer to attached Note (31)		
2011/11	$10.00	500,000,000	$5,000,000,000	277,871,611	$2,778,716,110	Please refer to attached Note (32)		
2011/12	$10.00	500,000,000	$5,000,000,000	271,871,611	$2,718,716,110	Please refer to attached Note (33)		
2012/08	$10.00	500,000,000	$5,000,000,000	270,090,611	$2,700,906,110	Please refer to attached Note (34)		
2012/11	$10.00	500,000,000	$5,000,000,000	262,713,611	$2,627,136,110	Please refer to attached Note (35)		
2015/10	$10.00	500,000,000	$5,000,000,000	252,713,611	$2,527,136,110	Please refer to attached Note (36)		

Notes:

01. October 21, 1988, capital at time of establishment was NT$87,500,000.
02. March 16, 1990, The Company was approved for Initial Public Offering (IPO) and cash capital increase of NT$262,500,000 by the Securities and Futures Commission, Ministry of Finance (1990), Approval Document Number: (I) Tai-Tsai-Zheng-000474.
03. May 14, 1991, The Company was approved for re-capitalization of earnings at NT$52,500,000 by the Securities and Futures Commission, Ministry of Finance (1991), Approval Document Number: (I) Tai-Tsai-Zheng-000999.
04. July 20, 1992, The Company was approved for re-capitalization of earnings at NT$40,250,000 by the Securities and Futures Commission, Ministry of Finance (81), Approval Document Number: Tai-Cai-Zheng (Yi) No. 001738.
05. June 30, 1995, The Company was approved for re-capitalization of earnings at NT$116,087,500 by the Securities and Futures Commission, Ministry of Finance (84), Approval Document Number: Tai-Cai-Zheng (Yi) No. 378708.
06. January 5, 1996, The Company was approved for re-capitalization of earnings at NT$85,437,500 by the Securities and Futures Commission, Ministry of Finance (85), Approval Document Number: Tai-Cai-Zheng (Yi) No. 64745.
07. June 10, 1996, The Company was approved for re-capitalization of earnings at NT$236,496,250 by the Securities and Futures Commission, Ministry of Finance (85), Approval Document Number: Tai-Cai-Zheng (Yi) No. 368278.
08. December 21, 1996, The Company was approved for re-capitalization of earnings at NT$119,228,750 by the Securities and Futures Commission, Ministry of Finance (85), Approval Document Number: Tai-Cai-Zheng (Yi) No. 71905.
09. June 5, 1997, The Company was approved for re-capitalization of earnings at NT$367,000,000 and re-capitalization of additional paid-in capital at NT$100,000,000 by the Securities and Futures Commission, Ministry of Finance (86), Approval Document Number: Tai-Cai-Zheng (Yi) No. 451508.
10. July 8, 1998, The Company was approved for re-capitalization of earnings at NT$628,470,000 and re-capitalization of additional paid-in capital at NT$278,730,000 by the Securities and Futures Commission, Ministry of Finance (87), Approval Document Number: Tai-Cai-Zheng (Yi) No. 57619.
11. May 20, 1999, The Company was approved for re-capitalization of earnings at NT$292,665,680 and corporate bonds for capital at NT$6,014,010 by the Securities and Futures Commission, Ministry of Finance (88), Approval Document Number: Tai-Cai-Zheng (Yi) No. 47567.
12. October 1999, Corporate bonds for capital at NT$23,440.
13. June 29, 2000, The Company was approved for recapitalization of additional paid-in capital at NT$267,290,310 and corporate bonds for capital at NT$180,560 by the Securities and Futures Commission, Ministry of Finance (89), Approval Document Number: Tai-Cai-Zheng (Yi) No. 56329.
14. November 9, 2000, The Company was approved for capital increase by means of merger or acquisition of stock, at NT$371,525,000 by the Securities and Futures Commission, Ministry of Finance (89), Approval Document Number: Tai-Cai-Zheng (Yi) No. 90247.
15. May 22, 2001, The Company was approved for re-capitalization of earnings at NT$435,946,870 by the Securities and Futures Commission, Ministry of Finance (90), Approval Document Number: Tai-Cai-Zheng (Yi) No. 131546.
16. June 18, 2002, The Company was approved for capital increase by means of merger or acquisition of stock, at NT$501,333,660 by the Securities and Futures Commission, Ministry of Finance (91), Approval Document Number: Tai-Cai-Zheng (Yi) No. 0910132958.
17. December 19, 2002, The Company was approved for buyback of the Company's shares to reduce capital at NT$268,240,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance (91), Approval Document Number: Tai-Cai-Zheng (San) No. 0910167268, February 26, 2003, Approval Document Number: Tai-Cai-Zheng (San) No. 0920106285 and June 12, 2003, Approval Document Number: Tai-Cai-Zheng (San) No. 0920126614.
18. July 17, 2003, The Company was approved for re-capitalization of earnings at NT$15,000,000 by the Securities and Futures Commission, Ministry of Finance (92), Approval Document Number: Tai-Cai-Zheng (Yi) No. 0920131289.
19. December 6, 2000, The Company was approved for buyback of the Company's shares for transfer to employees which are not yet transferred for more than 3 years as capital reduction at NT$14,120,000 by the Securities and Futures Commission, Ministry of Finance (89), Approval Document Number: Tai-Cai-Zheng (San) No. 98643.
20. June 3, 2004, The Company was approved for buyback of the Company's shares to reduce capital at NT$187,380,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance (93), Approval Document Number: Tai-Cai-Zheng (San) No. 0930124885.
21. July 7, 2004, The Company was approved for buyback of the Company's shares to reduce capital at NT$100,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance (2004), Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0930130255.
22. July 27, 2004, The Company was approved for re-capitalization of earnings at NT$15,000,000 by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-Yi-Zi No. 0930133470.
23. September 1, 2004, The Company was approved for buyback of the Company's shares to reduce capital at NT$89,800,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0930139490.
24. June 14, 2005, The Company was approved for buyback of the Company's shares to reduce capital at NT$24,650,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission,

Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0940124037.

25. December 28, 2005, The Company was approved for buyback of the Company's shares to reduce capital at NT$55,960,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0940159771.
26. April 9. 2008, The Company was approved for buyback of the Company's shares to reduce capital at NT$28,300,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0970015115.
27. September 18, 2008, The Company was approved for buyback of the Company's shares to reduce capital at NT$60,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0970026404.
28. December 16, 2008, The Company was approved for buyback of the Company's shares to reduce capital at NT$100,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0970035293.
29. Employee warrants at capital increase of NT$38,360,000.
30. July 29, 2010, The Company was approved capital reduction at NT$508,363,420 by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0990035554.
31. September 22, 2011, The Company was approved for buyback of the Company's shares to reduce capital at NT$60,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1000046532.
32. November 22, 2011, The Company was approved for buyback of the Company's shares to reduce capital at NT$42,010,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1000057786.
33. December 26, 2011, The Company was approved for buyback of the Company's shares to reduce capital at NT$60,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1000063425.
34. August 14, 2012, The Company was approved for buyback of the Company's shares to reduce capital at NT$41,820,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1010035989.
35. November 2, 2012, The Company was approved for buyback of the Company's shares to reduce capital at NT$31,950,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1010049862.
36. October 26, 2015, The Company was approved for buyback of the Company's shares to reduce capital at NT$100,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-Jiao-Zi No. 1040043244.

(II) Type of Shares

April 2, 2021
Unit: Shares

Types of shares	Authorized Share Capital			Note
	Issued shares	Un-issued shares	Total	
Common Stock	252,713,611	247,286,389	500,000,000	Shares of listed company

Note: The aforementioned shares outstanding includes buying back treasury stock of 10,000,000 shares not yet transferred.

(III) Information for shelf registration: Not applicable.

(IV) Composition of shareholders:

April 2, 2021
Unit: shares; %

Composition of shareholders / Quantity	Governmental agencies	Financial institutions	Other juridical person	Foreign institutions and natural persons	Domestic natural persons	Treasury shares	Total
Number of Shareholders	0	15	181	61	44,529	1	44,787
No. of shares held	0	3,921,229	48,239,420	7,088,631	183,464,331	10,000,000	252,713,611
Ownership	0.00%	1.55%	19.09%	2.80%	72.60%	3.96%	100.00%

(V) Composition of Shareholders

1. Common Stock

April 2, 2021

Shareholder ownership	Number of Shareholders	No. of shares held	Ownership
1 to 999	19,466	2,828,662	1.12%
1,000 to 5,000	20,906	40,493,118	16.02%
5,001 to 10,000	2,340	18,674,122	7.39%
10,001 to 15,000	620	7,943,980	3.14%
15,001 to 20,000	442	8,246,888	3.26%
20,001 to 30,000	340	8,741,825	3.46%
30,001 to 40,000	161	5,811,075	2.30%
40,001 to 50,000	129	6,108,676	2.42%
50,001 to 100,000	175	12,866,007	5.09%
100,001 to 200,000	103	14,628,016	5.79%
200,001 to 400,000	50	14,883,447	5.89%
400,001 to 600,000	20	9,740,963	3.86%
600,001 to 800,000	7	5,179,000	2.05%
800,001 to 1,000,000	6	5,398,742	2.14%
1,000,001 or above	22	91,169,090	36.07%
Total	44,787	252,713,611	100.00%

2. Preferred shares: The Company has not issued preferred stocks.

(VI) List of main shareholders

April 2, 2021

Shares / Name of Main Shareholders	No. of shares held (shares)	Ownership (%)
Youe Chung Capital Corporation	37,081,440	14.67%
Youe Chung Capital Corporation, Representative: Chang-Ji Hsu	1,361,000	0.54%
Chao-Yi Wu	8,907,000	3.53%
K.J. Wu	5,311,523	2.10%
Fushuo Investment Co., Ltd.	4,364,000	1.73%
Fu-Shuo Investment Representative: Ji-Yuan Chen	-	-
Kuo-Feng Li	2,500,000	0.99%
Chun-Sheng Tseng	2,290,000	0.91%
Cheng-Hsiang Chen	2,000,000	0.79%
Lidon Chen	2,000,000	0.79%
Chia-Sheng Hsu	1,700,000	0.67%
Parkson Chen	1,667,127	0.69%

(VII) Market price, net worth, earnings (losses) and dividends per share and the related information for the most recent two years.

Items \ Year			2019	2020	Year reporting year and until March 31, 2021 (Note 8)
Market Price Per Share (Note 1)	Highest		38.4	47.8	75
	Lowest		16.8	20.1	36.5
	Average		29.09	33.05	53.50
Net Worth Per Share (Note 2)	Before distribution		15.22	17.21	18.95
	Distribution		13.80	(Note 9)	(Note 10)
Earnings per share	Weighted average shares		196,474	204,801	205,089
	Earnings per share (Note 3)		2.19	3.34	1.64
Dividends per share	Cash dividends		1.07	(Note 9)	(Note 10)
	Bonus Share	Shares from Profit	-	(Note 9)	(Note 10)
		Additional paid-in capital	-	(Note 9)	(Note 10)
	Accumulated Un-allocated Dividends (Note 4)		-	-	(Note 10)
Return on Investment	Price / Earnings Ratio (Note 5)		13.28	9.90	(Note 10)
	Price / Dividends Ratio (Note 6)		27.19	(Note 9)	(Note 10)
	Cash Dividends Yield (Note 7)		0.04	(Note 9)	(Note 10)

Note 1: Listing the highest and lowest market price of common shares for each year, and the average annual market price, which is calculated based on the actual transaction prices and volume for each year.

Note 2: This information is filled in based on the number of issued shares by end of the year and the distribution decision made in the following year's shareholders' meeting.

Note 3: If there is a need for retrospective adjustment due to issuance of bonus shares, shall list the earnings per share before and after the adjustment.

Note 4: If the terms and conditions for issuance of equity securities state that the dividends not distributed for the current fiscal year may be accumulated to the fiscal year with earnings for distribution, shall disclose separately the accumulated amount of unpaid dividends until the current fiscal year.

Note 5: Price / Earnings Ratio ＝ Average Market Price / Earnings Per Share of the year.

Note 6: Price / Dividend Ratio ＝ Average Market Price / Cash Dividends Per Share of the year.

Note 7: Cash Dividends Yield ＝ Cash Dividends Per Share / Average Market Price of the year.

Note 8: Net Worth Per Share, Earnings per share shall be listed from the information audited (reviewed) by the accountant until the latest quarter of the annual report publication date; The remaining fields are listed for the current fiscal year until the annual report publication date.

Note 9: Waiting for resolution outcome at shareholders' meeting.

Note 10: Not applicable.

(VIII) Company's dividends policy and the implementation status

1. Dividends Policy

The Company adopts the policy for remaining dividends in response to the overall environment and industrial growth characteristics, and to the company's long term financial plan, steady operations development. Yearly capital requirement is measured based on the Company's future capital budget plan,

capital required for retained earnings financing comes first, then the remaining earnings can be allocated based on the dividend method.

Steps for distribution as below:

(1) Decide on the best capital budget.

(2) Decide on the financing required for one of the capital budget items.

(3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).

(4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.

2. Proposed dividends distribution at this year's shareholders' meeting

The Company proposed 2020 earnings distribution to the Board of Directors meeting on March 15, 2021, distributing cash dividends for common stock at NT$ 359,570,417, cash dividends per share at approximately NT$ 1.5. Distribution of cash dividends adopts the calculation method of "round down to the nearest dollar," fractions that do not amount to a full NT$1 shall be added and recognized by the Company as other income. While the distribution of earnings is kept at NT$1.5 per share, if there are regulatory changes by the competent authority or changes to the Company's capital, such as implementation of stock repurchase, which affect the number of shares outstanding before the dividends record date, the chairman is authorized to make changes to the profit distribution schedule, dividends record date and payment date and other relevant matters. The proposal will be handled in accordance with relevant regulations after the resolution at the shareholders meeting on May 31, 2021 is approved.

3. Explanation on dividends policy expected to have major changes: None.

(IX) The impact of bonus shares proposed by the shareholders' meeting on the Company's operating performance and earnings per share

Not applicable, none is proposed this time.

(X) Employee, director remuneration

1. The Company Charter's employees, directors' remuneration amount or scope:
   The Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any.
   Employee remuneration, as mentioned above, can be paid in cash or in shares. Qualified employees of subsidiaries are also included in the payment.
   Current year profit situation as mentioned in the first paragraph refers to the profit which is the current year's pre-tax profit before distribution of employee remuneration and directors remuneration.
   The distribution of employee and director remuneration shall be executed after the resolution approval at the Board meeting with more than two-thirds of directors attending and of more than half of the attending directors agreed and passed the resolution, and reported to the shareholders meeting.
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 the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
   The estimation of employee and director compensation is based on the Company Charter as a basis. If there are any differences between the actual distributed amount and the estimated figure, the differences will be listed as income (loss) in the following fiscal year.
3. Earnings of 2019 for distribution of employees' and directors' remuneration:

Unit: NTD

	Distribution plan proposed to Board of Directors	Actual distribution approved by shareholders' meeting	Difference
I. Distribution			
Compensation for Directors and Supervisors	10,000,000	10,000,000	None
Employee Compensation in Cash	55,000,000	55,000,000	None
Employee Compensation in Stocks	-	-	None
II. Related information for earnings per share			
Original earnings per share	2.19	2.19	None
Calculated earnings per share	2.19	2.19	None
Note: There are no differences between actual distribution and recognized employee and director remuneration.			

4. Earnings of 2020 for distribution of employees' and directors' remuneration approved by the Board of Directors:

Unit: NTD

	Distribution plan proposed to Board of Directors	Actual distribution approved by shareholders' meeting	Difference
I. Distribution			
Compensation for Directors and Supervisors	16,000,000	Note	Note
Employee Compensation in Cash	86,000,000	Note	Note
Employee Compensation in Stocks	-	-	
II. Related information for earnings per share			
Original earnings per share	3.34	Note	Note
Calculated earnings per share	3.34	Note	Note

Note:

1. Waiting for resolution outcome at shareholders' meeting on the actual distribution arrangement.
2. If there are differences between the distribution arrangement approved by the Board of Directors and the estimated yearly amount in the recognized fees, the difference in amount, reasons and treatment shall be disclosed:

The directors' remuneration was estimated at NT$16,969,119, and the employees' bonus was estimated at NT$85,722,815. The actual directors' remuneration distributed after the board approved the allocation ratio was NT$16,000,000, and employees' bonus was NT$86,000,000. Therefore, the directors' remuneration was less than the original estimate by NT$969,119, and the employees' bonus was less than the original estimate by NT$277,185. The differences between the estimated amounts and the actual amounts allotted will be recognized as the 2021 expense adjustment.

(XI) Stock buybacks of the Company:

Session of share repurchase	26th	27th
Purpose of share repurchase	Transfer shares to employees	Transfer shares to employees
Period of share repurchase	2020.08.06-2020.09.30	2021.02.04-2021.02.18
Price range of re-purchase	NT$21 to NT$40	NT$26 to NT$60
Type and number of shares repurchased	Type and number of shares repurchased	Type and number of shares repurchased
Total amount of share repurchase	NT$306,856,414	NT$415,139,236
Average price per share of share repurchase	NT$30.69	NT$41.51
Percentage of volume repurchased over the estimated volume of share repurchase	100%	100%
Volume of shares with completed offset and transfer	10,000,000 shares	0 share
Accumulated number of shares held by the Company	0 share	10,000,000 shares
Percentage of accumulated number of shares held by the Company over the total number of issued shares	0%	3.96%

II. Handling situation of corporate bonds: None of such situations.

III. Preferred shares: None of such situations.

IV. Overseas depositary receipts: None of such situations.

V. Employee stock warrants and employee new restricted shares: None of such situations.

VI. Merger or acquisition, issue of new shares in connection with the acquisition of shares of another company: None of such situations.

VII. Financing plans and implementation: Not applicable.

Five. Overview of operations

I. Business Activities

(I) Scope of business

1. Main businesses operated and business proportions

(1) Research and development, production, manufacturing and sales of photomask.

(2) To provide technical assistance, consulting, testing and certification, maintenance and repair services relating to the aforesaid products.

The core business of the Company is producing photomask used in semiconductor, of which integrated circuit customers accounts for the largest category at 85%, other categories of customers for photomask are LCD and WLCSP packaging and testing.

2. Current commodities and services of the company

As the production equipment of factories are constantly evolving for the domestic integrated circuit chip industry, the photomask products supplied by the Company are listed below:

Customer industry type	Customer's machine model	Photomask specification
Diode	Proximity Aligner	1X full field
Transistor	Projection Aligner	1X Reticle
IC	Stepper, Scanner	projection5X/4X/2.5X/2X Reticle(5"&6")
LCD	Nikon	masks up to 7"
CCD	Cannon	Chrome contact prints
LED	ASML	(4"~7")
-	Ultratech	Large area mask(8"~24")

3. Plans for new products and services development

Continue to develop Phase Shift Mask of ArF light source and provide peripheral product repair technology, and collaborate with downstream manufacturers to develop photomask for use in deep submicron processes.

(II) Overview of the industry

1. Industry status and development

The photomask is the mold needed in the production of integrated circuits, the product is produced based on the customer's specification and order required. Taiwan has undergone rapid integrated circuit development from 7 μm in the early phase to the current 10 nm and below manufacturing technology, from electronic watch product development to all types of memory products that we see now, hand held communications products, AI and IOT related application products. The integrated circuit industrial advances with growing demands for precision, photomask technology has

entered the R & D and production phase for 10 nm and below. The Company has already invested in new model equipment and enters the stage of research and development for related manufacturing processes with current technology achieving 65 nm verification from related customers, and subsequently enters mass production.

2. Future industry development trend

Photomask stands a critical position in the integrated circuit industry, its product specification follows the development of integrated circuit technology. Since the development of the IC industry in Taiwan from 1976, manufacturing technology has advanced from μm to nm. Photomask has a different look when applied on Liquid Crystal Display (LCD), as the new generation display develops to the 10th, 10.5th generation, liquid crystal glass becomes larger, TMC was not able to supply, but the resolution requirement had also became higher for small size panels (mobile phone, notebook, automobile application). As it was not possible to upgrade the facilities (4th generation factories), stepper machines were used for manufacturing. This posed a difficulty for using one piece of photomask to complete a layer of photolithography process, therefore, the figure was cut into five to six pieces of photomask, utilizing stitch method to complete the photolithography figure for that layer. This has upgraded the demands for the LCD photomask market and the technology requirements. In addition, with advances in packaging and testing technology, processing Gold Bump and RDL on wafer also requires photomask for pattern transfer. This has heightened demands for 9-inch photomask (used in 8-inch wafer) and 14-inch photomask (used in 12-inch wafer).

On the other hand, high level packaging and testing faces similar panel problems for accuracy, and subsequently switches to the use of stepper, increasing the demands for 6-inch photomask, one of the core business of the company.

As wafer manufacturing technology advances, many high level lithography requires co-solution to be identified by manufacturing processes, IC design and photomask craft. Therefore, world-class IDM and Foundry companies also established photomask departments. Investments and technology baseline for photomask is not low, and there are many consumer products in the market, mature middle level photomask demands continue on the rise. As a result, world-class IDM and Foundry companies emphasize on high-level photomask investments and manufacturing, and continue to outsource related photomask mature manufacturing technology. Therefore, for the Company, expectations for future industry developments and market prospects are worthwhile.

3. Overall economy, industry development trends and product competitiveness

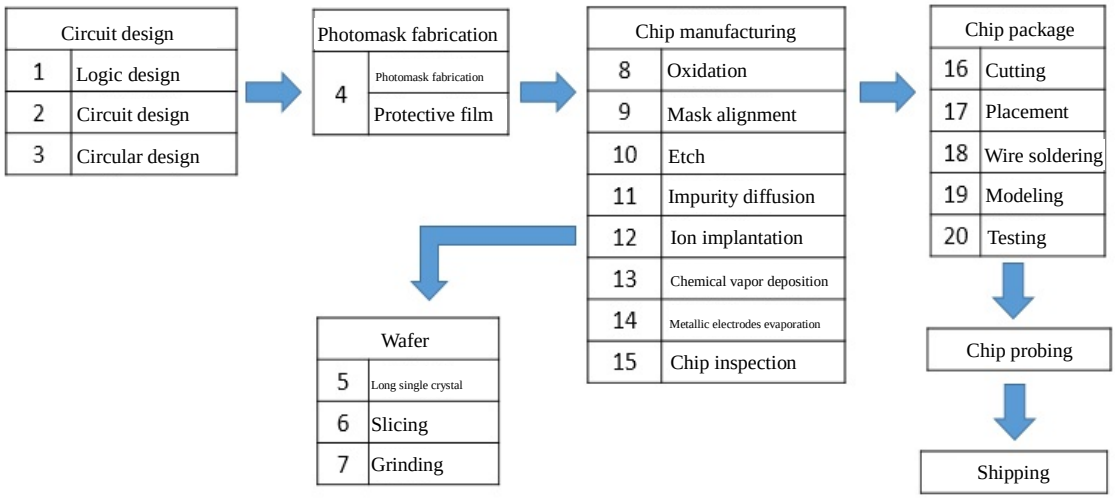
Taiwan's semiconductor industry has led Taiwan in transitioning to high-tech industry, and has also created a prosperous economy in Taiwan with an important role in the global economy. The upstream and downstream industry chain for semiconductor is well integrated in Taiwan, this model of professional division of work is unique globally. The photomask is the mold needed in the production of integrated circuits, it is an important part of the semiconductor industry chain.

Back in the days before the Electronics and Optoelectronics Center, Industrial Technology Research Institute (ITRI) developed photomask manufacturing capacity, the photomask used in integrated circuits had to be sent to overseas photomask manufacturers using computer tape, often exhausting the time taken. After photomask manufacturing capability was established in Taiwan, it had reduced the time for IC product development, thus, enhanced Taiwan's capability in electronic product competitiveness. Photomask manufacturing has its regional existence, with the USA, Japan and European Union having photomask manufacturers. Many photomask companies have the same desire to be able to establish local counterparts. This is because maintaining constant communications and revisions with the original designer is often necessary in photomask manufacturing and demands for delivery are usually rapid, at times goods were demanded for delivery within ten plus hours. For many years, there have been new players emerging constantly in the domestic photomask production scene, resulting in fierce competition in the overall photomask market. In addition, there are trends of wafer plants manufacturing their own advanced photomask. The effects are acquisitions or mergers of photomask manufacturing companies which are facing difficulties in sustaining. However, the Company is committed to focus on photomask mature manufacturing technology, and has made moderate investment in middle range photomask, continuing the company's technical competitiveness and maintaining a steady management position. As semiconductor technology has progressed rapidly in recent years, most of the customers in Taiwan have continued to develop mature manufacturing (8-inch plant) and gradually extended to 12-inch wafer's photomask related manufacturing. The Company has also constantly invested in new equipment, expecting to mass produce 65 nm this year, and mass produce 40 nm manufacturing for related photomask.

In comparison to customers in mainland China, due to internal made policy, demands for mature manufacturing (0.18&0.13μm) is also on constant rise. The Company has for two years continued to supply a steady stream of production volume and good quality photomasks to domestic and

overseas wafer plants, winning customers' trust and has become a key supplier for customers in mature manufacturing of photomasks.

4. Relationships of upstream, midstream and downstream of the industry



(III) Overview of technologies, research and development

In recent years and until the annual report publication date, invested research and development expenditure and successful development of technology or products.

Year	Research and development expenditure	Successful development of technology
2020	NT$ 144,913 thousand	Developed 40/65 nm photomask mass production technology
1st Quarter 2021	NT$ 24,075 thousand	Developed 40/65 nm photomask mass production technology

(IV) Long- and short-term business development plans

1. Short-term plan: Increase 65 nm market share.

2. Intermediate-term plan: Introduced mass production of 28/40 nm photomasks.

3. Long-term plan: Continue to invest in advance photomask development, and research and develop new fabrication processes and expand new customer sources.

II. Status of the market and production/sales:

(I) Market analysis

1. Sales region of major products

Affected by the COVID-19 pandemic in the first half of 2020 when the market was relatively conservative and business communication was difficult due to quarantine measures in every country, it was quite difficult to receive orders. During this period of time, the Company improved factory operations in a timely manner, increased product yields to reduce production costs, thereby increasing product competitiveness, improving product production efficiency, and shortening delivery time to win the trust of customers. After the investment in new equipment at the end of 2018 and 2019, the installation and process development were completed in the first half of 2020. Finally, the efforts bore fruit in the second half of 2020 when the economy recovered, making the year one of the best of Taiwan Mask's in the past 10 years. The following table clearly shows that the sales of major products has grown from NT$3.469 billion in 2019 to NT$4.667 billion in 2020, a growth rate of more than 35%, and the growth mainly came from the second half of the year. As mentioned earlier, the impact of the pandemic quarantine measures makes business expansion in other countries difficult. Therefore, we can clearly see that the main growth comes from domestic customers. The domestic performance increased 8% over 2019, while overseas regions, especially Europe and the United States, declined more due to the severity of pandemic. The only exception is the China region. Due to the earlier control and the impact of the US-China

trade conflict, it was easier to obtain orders. In addition, Miracle Tech's long-term cultivation of the local network in China helped the business grow by 86%.

Unit: NT$Thousand; %

Region \ Year		2019		2020	
		Amount	%	Amount	%
Domestic	Domestic	1,961,238	56.54	2,116,492	45.35
Overseas	Asia	1,223,337	35.27	2,532,492	54.27
	Americas	9,032	0.26	1,844	0.03
	Others	275,075	7.93	15,928	0.35.
Net sales		3,468,682	100.00	4,666,756	100.00

2. Expansion of high-end products

Since the new management team took over in 2017, some shutdown machines have been restored to expand production capacity. In order to develop more advanced photomask products, new equipment was purchased and new manufacturing processes were developed starting the end of 2018. Newly purchased equipment were brought into the factory in 2019 and 2020, and the installation and process development were also completed. These efforts resulted in the substantial growth in revenue. In the table below, we can clearly see that the sales of <=0.13um have grown significantly from NT$96 million in 2019 to NT$384 million in 2020, a growth rate of nearly 300%, and its share of overall performance has also increased from 6% in 2019 to 18% in 2020. The complete set of photomask technology certified by fabs has progressed from 90nm to 65nm, and the monolithic technology has also progressed from 65nm to 22nm.

Unit: NT$Thousand

2019 Technology	Sales income	Percentage
<=0.13	96,334	6%

2020 Technology	Sales income	Percentage
<=0.13	384,179	18%

2. Future supply, demand and growth of the market

Foundry service manufacturing is undergoing constant evolving progresses, with each generation leading for only a few short years, entering fallen periods gradually. The only exception is 0.18um generation manufacturing, benefited from the demands of driver IC and various Power Management IC, stands a certain market proportion constantly. Even during times when it is focused on mainstream memory and special IC products, product demands eventually change to smaller volumes but more diverse to

include Power Management and special application IC, providing endless demands for photomasks. Over the past few years, with efforts by all employees, the Company has won recognition from customers for its delivery period and quality, bringing advantages for the coming few years.

However, as it is known universally, electronics consumer products prices will be adjusted to a lower range due to economic scale, and semiconductor wafer manufacturing progresses at a rapid rate. A company will lose its competitiveness with gradual shrinkage in its sales if it only holds on to its original technology and production. Therefore, starting from 2019, the Company incrementally invested in new production equipment, developed new technology, allowing the business to extend to the 12-inch market beyond concentrating in the 6-inch and 8-inch market. Gradually cultivating towards new technology discipline with steady steps. After purchasing new equipment and developing new process technologies, the technology of complete set of photomasks for orders improved from 90nm to 65nm, and the technology of monolithic photomask for orders also improved from 65 nm to 22 nm.

The trade conflict between China and the United States has become more heated, and the spread of COVID-19 pandemic over the past year has caused conflicts and estrangements between the Western world and China. Parties are forming competing camps, bringing more uncertainties to the future economic development. However, we can also turn this into opportunities. Since the Age of Exploration, Taiwan has been in a key position in the trades and exchanges between China and Western world. It has inevitably become a part of new conflicts, and it is important for us to continue cultivating the domestic market and using Taiwan's advantages in the semiconductor industry to connect with the world for a steady growth. The Company's subsidiary Miracle Tech will reach out and continue to expand the business in China, hoping to gain a footing in the red supply chain.

4. Competitive niche

(1) Possess mature manufacturing capacity and technology, including production technology for 0.18 μm, 0.15 μm, 0.13 μm, 0.11 μm, 90 nm and 65 nm, a complete production equipment system and rapid shipping service. The purchase of new equipment in the past few years, the expansion of production capacity and the addition of new manufacturing processes have laid a solid foundation for this wave of semiconductor boom.

(2) Mergers and acquisitions with Miracle Technology and Aptos Technology create a more complete service for IC design companies, from photomask manufacturing, foundry service to packaging and

testing, providing customers total solutions service.

(3) With advantages in professional photomask technology in addition to integration with Miracle Technology's professional manufacturing technology, assist customers to develop unique photomask or manufacturing technology heightening customer's competitiveness.

(4) Long-term cultivation of the semiconductor photomask market, making full preparations for the rise of the third-generation semiconductor.

5. Factors favorable and unfavorable to the development, and countermeasures

(1) Favorable factors

A. China is expansively building 8-inch and 12-inch wafer plants engaging in foundry service, this will comparatively increase demands for photomask.

B. Possess a complete mature manufacturing photomask technology to supply demands for 0.25 μm, 0.18 μm, 0.15 μm, 0.13 μm, 0.11 μm, 90 nm and 65 nm manufacturing.

C. Has existing customer bases in both camps of the US-China trade conflicts, less susceptible to impact.

D. A sound financial position to take on investments in high level manufacturing equipment at appropriate times.

E. After merger and acquisition with Miracle Technology, is able to provide a more complete service for IC design companies.

(2) Unfavorable factors

A. Still lagging behind in high-end manufacturing process and will need to catch up.

B. Insufficient domestic labor supply resulting in a surge in salaries.

C. Lack of overseas layout and local production service.

(3) Company countermeasures

A. Expedite information processing by purchasing fast computers to process customer's product design at a faster rate and shorten the delivery time.

B. Systemized operations to raise work efficiency, reduce wastage, lower costs, and gradually reduce labor demand.

C. Actively develop high-end manufacturing technology and obtain customers' certification.

D. Purchase new equipment models, expand production scale, supply various demand levels of photomask, balance profitability standards of various levels of photomask, to increase competition.

E. Enhance expansion of overseas businesses, increase revenues and profits.

F. Understand customer demands, develop unique photomasks, to reinforce customer relationships.

G. Collaborate with a close wafer plant to develop photomask technology required by a 12-inch wafer plant, gradually enter a high level market winning customers' recognition and trust.

(II) Key uses and production process of main products

Photomask is an irreplaceable mold in the integrated circuit manufacturing process. Basically, photomask is comparable to the film in developing photos, and possesses a similar function to the film, the only difference is its image is in the form of a circuit. Photomask material itself is a very flat glass, it could be quartz glass, soda lime glass or borosilicate glass, coated with an ultrathin layer of chromium. The manufacturing process of photomask involves the following: use the computer to accurately store the circuit patterns required in integrated circuit in a hard drive, followed by using the pattern generator to expose the circuit pattern onto the glass panel which is coated with photosensitive material, passing through development and chemical etching processes to fixate the circuit pattern on the glass panel, then it is ready to pass on to chip manufacturing plant that produces integrated circuit for usage.

(III) Supply status of main raw materials

1. The blank photomask raw materials that the Company uses are purchased from major producers in Japan and Korea. The protective film is partly supplied from domestic producers and the insufficient portion is purchased from major producers in Japan, USA and Korea. Photomask packaging boxes are partially supplied by domestic suppliers, and the rest are supplied by manufacturers in Japan, the US and Korea. Chemicals are purchased from Japan, the US and Germany, and some domestic manufacturers are capable of supplying the Company.
2. Raw materials can be supplied domestically.
3. As for parts and accessories, key machines are supplied by original equipment suppliers, and some machine parts and accessories are supplied by domestic manufacturers. The Company's equipment mainly comes from the US, Japan and Germany.

(IV) List of major suppliers and customers in the two most recent fiscal years

1. Major Suppliers in the two most recent fiscal years

Unit: NT$Thousand

Items	2019				2020				2021 up to Quarter 1			
	Name	Amount	Ratio of the net purchase of the year (%)	Relationship with the issuer	Name	Amount	Ratio of the net purchase of the year (%)	Relationship with the issuer	Name	Amount	Ratio of the net purchase of the year 2020 up to 2021 Quarter 1	Relationship with the issuer
1	MagnaChip	425,324	24	None	MagnaChip	1,090,557	43	None				
2					Vanguard International Semiconduct	359,139	14	None				

					or Corporation							
3												
4	Others	1,337,781	76		Others	1,097,580	43					
Net Purchase		1,763,105	100		Net Purchase	2,547,276	100					

Note: Reasons for changes in proportion of goods imported: Due to the differences in sales proportion of the products, resulting in differences in the imported materials and suppliers.

2. Major customers in the two most recent fiscal years

Unit: NT$Thousand

Items	2019				2020				2021 up to Quarter 1			
	Name	Amount	Ratio of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Ratio of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Ratio of the net sales of the year 2021 up to Quarter 1 (%)	Relationship with the issuer
1	Others	3,468,682	100		A	548,410	25.21					
					Others	4,118,346	74.79					
Net Sales		3,468,682	100		Net Sales	4,666,756	100		Net Sales			

Note: The Company's clientele is more divided. There were no customers with net sales for over 10% during the two most recent fiscal years, and there are new customers with more than 10% net sales in 2020 Quarter 1. This is mainly due to the increase in customer demands for photomask purchase orders.

(V) Production volume and value in the past two years

Unit: 1000 pieces / NT$Thousand

Year / Main products Production volume (or department)	2019			2020		
	Production capacity	Volume	Value	Production capacity	Volume	Value
Photomask	61	49	1,144,949	69	62	1,341,125
Others	74,860	59,888	1,733,322	932,647	839,343	2,152,822
Total	74,921	59,937	2,878,271	932,716	839,405	3,493,947

(VI) Sales volume and value in the past two years

Unit: 1000 pieces / NT$Thousand

Year / Sales Volume and Value Main Products (or department)	2019				2020			
	Domestic		Overseas		Domestic		Overseas	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Photomask	33	1,027,304	16	630,828	41	1,399,027	21	775,991
Others	16,796	933,934	43,092	876,616	250,445	717,465	588,898	1,774,273
Total	16,829	1,961,238	43,108	1,507,444	250,486	2,116,492	588,919	2,550,264

III. Employee information

Year		2019	2020	As of April 30, 2021
Number of Employees	Technical personnel	221	152	171
	Management and	157	178	228
	Operation personnel	299	225	237
	Total	677	555	636
Average Age		41.71	40.81	41.46
Average Service Tenure		6.08	5.66	3.86
Distribution of Educational Background	Doctoral degree	1.77	1.93	1.89
	Master's degree	14.77	14.76	15.25
	University (College)	54.65	63.97	63.68
	Senior High School	27.18	18.10	17.92
	Below Senior High	1.62	1.23	1.26

IV. Expenditures on environmental protection

(I) Any loss sustained as a result of environmental pollution in the most recent fiscal year and up to the date of the publication of the annual report: There have been no occurrences of pollution disputes and losses incurred from penalties for the Company.

(II) Future countermeasures and possible expenditures

- Countermeasures

The Company's products go through the processes of exposure, development, chemical etching, stripping, followed by rinsing them in strong acid for cleaning before packaging them. These processes use chemicals for treatment and the Company wants to avoid pollution from occurring, thus, set up a comprehensive treatment tank for treating wastewater containing acids and alkalis from these processes. Wastewater is treated and released controlled within the standards as regulated by laws and regulations on national level and of the science park management bureau. In the area of preventing pollution and environmental protection measures, the Company has the most advanced wastewater and air pollutant emissions treatment equipment. Specifically, for preventing long-term damage effects from the wastewater pond polluting underground water sources, the wastewater pond was designed "overhead", managing personnel can check for leakages anytime. This is the most advanced wastewater treatment equipment globally. Air emissions go through the active carbon adsorption tower and washing column processes before being released. After the wastewater goes through this first stage treatment, it will be released to the wastewater treatment center of the Science Park for second time treatment.

The Company has placed environmental protection as first priority since establishment, thus, up till now, there have been no occurrences of environmental pollution.

The Company's products do not have direct or indirect relations to laws and regulations relating to overseas sales to Europe or EU's Restriction of Hazardous Substances (RoHS) Directive.

- **Expenditure for environmental protection**

1. Over the past one year

2020 Environmental protection related expenditures were NT$7,792 thousand, related routine maintenance, cleaning and transportation, treatment and testing fees were NT$5,238 thousand. Repairs for treatment facilities and renewal expenditures were NT$2,554 thousand. It exceeded the estimate by approximately NT$1,800 thousand, mainly due to the improvements to the acid discharge and activated carbon tower system functions and the additional purchase of testing or monitoring equipment to reduce noise and vibration pollution and achieve real-time monitoring of pollution emissions, complying with the requirements of the Department of Environmental Protection.

2. Future plans

2021 Environment protection targeted budget

2021 Environmental protection related expenditures were NT$6,600 thousand, which include routine maintenance, cleaning and transportation, treatment

and testing and maintenance and update of treatment facilities. Budgets are also prepared to implement related improvement projects to enhance the efficiency of energy conservation and cost reduction and fulfill the social responsibility of an environmentally friendly enterprise.

(1) The lighting in Plant 3 were changed to LED. The project is expected to replace 400 tubes for a cost of NT$350 thousand and an estimated saving of NT$140 thousand per year. The power consumption can be saved by about 56,534 kW.

(2) The CDA system dryers in Plant 1 and 2 are changed from the traditional absorption to the thermal regeneration adsorption, whch can save about 30% of air consumption. 30% = 55 kW/h (energy consumption of air compressor) * 30%=16.5 kW/h - 1.7 kW/h (energy consumption of thermal regeneration dryer)= 14.8 kW/h, electricity cost saved: 14.8 kW/h *24 h * NT$2.6 * 365 days = NT$335,000 / year.

(3) The average daily energy consumption of the chilled water machine in Plant 2 is about 447.6 kW/h. Adding Frigaid refrigerant additives to remove impurities such as oil stains and carbon depsits in the copper pipe wall can improve the efficiency of heat exchange and reduce energy consumption. The performance can be improved by at least 3%. 447.6 kW/h * 24 h * 365 days * NT$2.6 * 3% (increased efficiency) = NT$ 300,600 / year.

V. Labor relations information

(I) Employee benefit plans, continuing education, training, retirement systems and the status of their implementation, as well as the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Status of the Company’s employee benefit measures, continuing education and trainings

[Salary and motivation system]

- •Salary and multiple rewards system (Dragon Boat Festival, Mid-Autumn Festival and year-end bonus), additional performance bonus and allocation of earnings, production bonus, station allowance
- •Flexible salary adjustment for individuals
- •Employee bonus, employee stock option

[Life care and protection]

- •Enjoy complete group insurance (free life insurance/accident insurance/hospitalization medical treatment/accident medical treatment/occupational hazard)
- •Cash gifts and subsidies for child birth, weddings, death in the family
- •Birthdays/occasions gift vouchers
- • Free annual employee health check-ups
- •Appointed store
- •Welfare committee to regularly organize travels and various sporting events and domestic and overseas travel subsidies
- •Employee health care, regular visits by doctors and nurses providing on-site care, professional consultation sessions and suggestions for employees
- •Christmas party

[Convenient facilities]

- •Provides complete indoor employee parking spaces
- •Indoor badminton court, tennis court, table tennis and so on leisure facilities
- •Established lactation room, complete facility for use by female employees
- •Established employee canteen provides free coffee, tea beverages, and 180-inch large screen viewing
- •Provides accommodation for job candidates from other cities

[Trainings]

- •Provides new employee educational trainings
- •Conducts work trainings based on the employee's work requirements
- •Provides external trainings to employees for self-learning and growth

2. Retirement scheme

The Company has established a retirement plan with defined payment for formal employees based on the Labor Standards Act, making monthly payments to the retirement fund account with Bank of Taiwan. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with domestic citizenship. Under the New Plan, the Company contributes monthly an amount not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

3. Labor agreement and various employees' rights and interests' protection status

- •Regularly hold labor-management meetings, allowing friendly communications between employees and company.
- •Provide an internal web-based platform, sharing information and instant

interactions with employees.

(II) Any loss sustained by the company as a result of labor disputes and the estimate of losses incurred to date or likely to be incurred in the future in the most recent fiscal year and up to the date of the publication of the annual report: None.

VI. Important contracts

Contract type	The party	Commencement dates Expiration dates	Main content	Restrictive clauses
Contract for the lease of land, approximate 8 contracts	Science Park Bureau	Sep 2009 - Dec 2028, 1 contract Jun 2009 - Dec 2028, 1 contract Jan 2005 - Dec 2024, 3 contracts Nov 2009 - Dec 2028, 1 contract Sep 2015 - Dec 2034, 1 contract Mar 2014 - Dec 2033, 1 contract 2020/11/04 - 2039/12/31, 1 contract	Construction of plant, warehouse, lab or work sites for storage and transportation, goods handling, packaging and repair	None
Syndicated loan	Chinatrust Commercial Bank and 7 other banks	2019/08-2022/08	Syndicated loan of NT$1.775 billion	Financial ratios, etc.
Bank loan	Shanghai Commercial and Savings Bank	2020/08-2022/08	NT$850 million C/P guaranteed loan	None
Bank loan	Taiwan Cooperative Bank	2017/9/19-2022/9/18	NT$10 million credit loan	Reserve account

Six. Overview of Financial Status

I. Information on condensed balance sheets and statements of comprehensive income for the past five fiscal years

(I) Condensed balance sheets - IFRS (consolidated)

Unit: NT$Thousand

Items \ Year		2016	2017	2018	2019	2020	Financial information as of March 31, 2021 (Note 1)
Current assets		1,984,072	1,623,242	1,734,383	2,258,934	2,439,293	3,188,039
Property, plant and equipment		939,984	989,220	966,563	1,546,919	3,116,087	3,376,816
Intangible assets		8,391	38,291	112,544	126,776	124,426	132,210
Other assets		625,471	459,396	1,050,828	1,793,741	3,390,159	3,960.089
Total assets		3,557,918	3,110,149	3,864,318	5,726,370	9,069,965	10,657,174
Current liabilities	Before distribution	298,943	556,083	1,238,297	1,718,406	3,677,416	4890,790
	After distribution	298,943	556,083	1,432,380	1,971,120	(Note 2)	(Note 2)
Non-current liabilities		41,474	74,926	52,210	886,506	1,975,859	2,039,486
Total Liabilities	Before distribution	340,417	631,009	1,290,507	2,604,912	5,653,275	6,930,276
	After distribution	340,417	631,009	1,484,590	2,857,626	(Note 2)	(Note 2)
Equity attributable to shareholders of the parent company		2,994,142	2,405,630	2,558,494	2,990,222	3,538,598	3,897,488
Capital		2,527,136	2,527,136	2,527,136	2,527,136	2,527,136	2,527,136
Capital surplus		180,286	212,948	169,431	322,777	439,898	572,272
Retained earnings	Before distribution	613,296	539,080	738,815	977,513	1,405,273	1,743,249
	After distribution	613,296	539,080	544,732	724,799	(Note 2)	(Note 2)
Other equity interests		(35,582)	11,207	7,853	(1,872)	889	(2,351)
Treasury stock		(290,994)	(884,741)	(884,741)	(835,332)	(834,598)	(942,818)
Non-controlling Interests		223,359	73,510	15,317	131,236	(121,908)	(170,590)
Total Equity	Before distribution	3,217,501	2,479,140	2,573,811	3,121,458	3,416,690	3,726,898
	After distribution	3,217,501	2,479,140	2,379,728	2,868,744	(Note 2)	(Note 2)

Note 1: Finance information from 2016 to 2020 were audited and verified by a certified accountant, finance information up to March 31, 2021 were reviewed by the certified accountant.

Note 2: Waiting for resolution outcome at shareholders' meeting.

(II) Condensed statements of comprehensive income - IFRS (Consolidated)

Unit: NT$Thousand

(Loss per share expressed in NT$1)

Items \ Year	2016	2017	2018	2019	2020	Financial information as of March 31, 2021 (Note 1)
Operating revenue	1,196,457	1,427,073	2,885,982	3,468,682	4,666,756	1,276,063
Gross profit	48,503	243,673	629,008	612,402	943,086	334,566
Operating income	(173,141)	(7,904)	259,536	7,329	344,153	72,489
Non-operating income and expenses	(66,197)	(57,365)	(55,890)	367,188	286,388	266,801
Profit (loss) before income tax	(239,338)	(65,269)	203,646	374,517	630,541	339,290
Net income of current period from continuing operations Profit (loss) for the year	(238,702)	(88,553)	145,820	311,940	486,307	282,935
Loss from discontinued operations	-	-	-	-	-	-
Profit (loss) for the year	(238,702)	(88,553)	145,820	311,940	486,307	282,935
Other comprehensive income for the year (net after tax)	(19,286)	293,804	1,299	(8,340)	(3,185)	(3,340)
Total comprehensive income for the year	(257,988)	205,251	147,119	303,600	489,492	279,695
Net income (loss) attributable to shareholders of the parent company	(165,262)	(74,177)	199,203	431,254	683,897	336,218
Net loss attributable to non-controlling interests	(73,440)	(14,376)	(53,383)	(119,314)	(197,590)	(53,283)
Total comprehensive income attributable to shareholders of the parent entity	(177,164)	(27,427)	200,011	423,056	687,082	332,978
Total comprehensive income attributable to non-controlling interests	(80,824)	232,678	(52,892)	(119,456)	(197,590)	(53,283)
Earnings (loss) per share	(0.71)	(0.33)	1.02	2.19	3.34	1.64

Note: Finance information from 2016 to 2020 were audited and verified by a certified accountant, finance information up to March 31, 2021 were reviewed by the certified accountant.

(III) Condensed balance sheets - IFRS (standalone)

Unit: NT$Thousand

Items \ Year		2016	2017	2018	2019	2020
Current assets		1,642,976	754,702	1,162,525	1,561,615	1,809,099
Property, plant and equipment		800,553	840,707	855,134	1,369,968	2,746,203
Intangible assets		1,699	1,255	939	2,177	2,366
Other assets		811,738	1,101,279	1,514,835	1,980,152	3,035,145
Total assets		3,256,966	2,697,943	3,533,433	4,913,912	7,592,813
Current liabilities	Before distribution	183,658	222,161	935,415	1,157,150	2,013,853
	After distribution	183,658	222,161	1,129,498	1,409,864	(Note 2)
Non-current liabilities		79,166	70,152	39,524	766,540	2,040,362
Total Liabilities	Before distribution	262,824	292,313	974,939	1,923,690	4,054,215
	After distribution	262,824	292,313	1,169,022	2,176,404	(Note 2)
Capital		2,527,136	2,527,136	2,527,136	2,527,136	2,527,136
Capital surplus		180,286	212,948	169,431	322,777	439,898
Retained earnings	Before distribution	613,296	539,080	738,815	977,513	1,405,273
	After distribution	613,296	539,080	544,732	724,799	(Note 2)
Other equity interests		(35,582)	11,207	7,853	(1,872)	889
Treasury stock		(290,994)	(884,741)	(884,741)	(835,332)	(834,598)
Total Equity	Before distribution	2,994,142	2,405,630	2,558,494	2,990,222	3,538,598
	After distribution	2,994,142	2,405,630	2,364,411	2,737,508	(Note 2)

Note 1: The aforementioned financial information was audited and verified by a certified accountant.

Note 2: Waiting for resolution outcome at shareholders' meeting.

(IV) Condensed statements of comprehensive income - IFRS (Standalone)

Unit: NT$Thousand

(Loss per share expressed in NT$1)

Year / Items	2016	2017	2018	2019	2020
Operating revenue	1,019,528	1,024,976	1,448,393	1,658,131	2,175,018
Gross profit	115,183	216,650	471,228	513,182	851,193
Operating income	(12,586)	73,561	287,563	234,693	539,949
Non-operating income and expenses	(152,415)	(130,953)	(61,955)	230,133	206,941
Profit (loss) before income tax	(165,001)	(57,392)	225,608	464,826	746,890
Net income (loss) of this period from continuing operations	(165,262)	(74,177)	199,203	431,254	683,897
Loss from discontinued operations	-	-	-	-	-
Profit (loss) for the year	(165,262)	(74,177)	199,203	431,254	683,897
Other comprehensive income for the year (net after tax)	(11,902)	46,750	808	(8,198)	3,185
Total comprehensive income for the year	(177,164)	(27,427)	200,011	423,056	687,082

Note: The aforementioned financial information was audited and verified by a certified accountant.

(V) Names and opinions of auditors for the past five years

Year	Certified Accountant	Opinions
2016	Tien-I Li, Kuo-Hua Tseng	An unqualified opinion
2017	Shou-Hung Hsueh, Tien-I Li	An unqualified opinion
2018	Ya-Hui Cheng, Tien-I Li	An unqualified opinion
2019	Tien-I Li, Ya-Hui Cheng	An unqualified opinion
2020	Tien-I Li, Ya-Hui Cheng	An unqualified opinion

II. Financial analysis for the past five fiscal years

(I) Financial analysis - IFRS (Consolidated)

Items to be analyzed (Note 2) \ Year (Note 1)		2016	2017	2018	2019	2020	Year ended March 31, 2021
Financial position (%)	Debt to asset ratio	9.57	20.29	33.40	45.49	62.33	65.03
	Long-term fund to property, plant and equipment ratio	346.71	258.19	271.69	259.09	173.06	170.76
Solvency (%)	Current ratio	663.70	291.91	140.06	131.46	66.33	65.18
	Quick ratio	538.92	208.77	100.08	114.02	57.67	59.72
	Times interest earned	-	(17.33)	37.54	24.63	20.09	19.22
Operating performance	Average collection turnover (times)	14.62	3.66	5.37	5.20	5.71	5.67
	Days sales outstanding	25	99.72	67.97	70.17	63.92	64.36
	Average inventory turnover (times)	9.63	3.77	6.00	8.74	16.53	17.70
	Average payment turnover (times)	66.50	11.11	11.45	9.42	9.71	9.89
	Average inventory turnover days	38	96.82	60.83	41.77	22.08	20.63
	Property, plant and equipment turnover (times)	4.69	1.48	2.95	2.76	2.00	1.57
	Total assets turnover (times)	1.27	0.43	0.83	0.72	0.63	0.52
Profitability	Return on assets (%)	(6.35)	(2.57)	4.31	6.77	6.93	12.08
	Return on equity (%)	(6.98)	(3.11)	5.77	10.95	14.88	31.69
	Pre-tax income to paid-in capital (%)	(9.47)	(2.58)	8.06	14.82	24.95	53.70
	Net profit margin (%)	(19.95)	(6.21)	5.05	8.99	10.42	22.17
	Earnings per share (NTD)	(0.71)	(0.33)	1.02	2.19	3.34	1.64
Cash flow	Cash flow ratio (%)	14.91	107.31	(12.88)	39.09	(1.95)	5.48
	Cash flow adequacy ratio (%)	157.00	190.86	115.66	95.24	30.20	47.63
	Cash flow reinvestment ratio (%)	0.64	11.11	(3.34)	11.71	(7.59)	6.34
Leverage	Operating leverage	(6.20)	(81.74)	3.05	112.19	3.37	5.23
	Financial leverage	1.00	0.69	1.02	(0.86)	1.11	1.35

Reasons for changes in the financial ratios in the past two years:

1. Financial structure (debt-to-asset ratio, fixed Assets ratio), solvency (current ratio, quick ratio): Due to increase in long-term and short-term borrowings and the purchase of real estate, resulting in the increase in liabilities and fixed assets.
2. Operational capability (inventory turnover, average inventory turnover days, fixed asset turnover): As the Company's capacity utilization increased, net sales increased, and there were real estate acquisitions, so the operational capability increased significantly.
3. Profitability (return on equity, earnings per share): The increase in net income led to the growth in various aspects of profitability.
4. Cash flow (cash flow ratio, cash flow adequacy ratio, cash flow reinvestment ratio): Due to net cash outflows from operating activities in 2020.
5. Leverage (operating leverage and financial leverage): Due to the increase in operating profit and slightly higher financial costs in the current period).

Note: Finance information from 2016 to 2020 were audited and verified by a certified accountant, finance information up to March 31, 2021 were reviewed by the certified accountant.

Note 2: Calculation formula for items to be analyzed as shown below:

1. Capital structure
   (1) Debt-to-asset ratio = Total liabilities / Total assets
   (2) Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) /Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities
   (3) Times interest earned = Earnings before interest and taxes / Interest expenses
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / the balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation)
   (2) Days sales outstanding = 365 / Average collection turnover
   (3) Average inventory turnover = Operating costs / Average inventory
   (4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation)
   (5) Average inventory turnover days = 365 / Average inventory turnover
   (6) Property, plant and equipment turnover = Net sales / Average property, plant and equipment
   (7) Total assets turnover = Net sales / total assets
4. Profitability
   (1) Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets
   (2) Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent
   (3) Net margin = Net income / Net sales
   (4) Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding
5. Cash flow
   (1) Cash flow ratio = Net cash provided by operating activities / Current Liabilities
   (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
   (3) Cash 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) / Operating income
   (2) Financial leverage = Operating income / (Operating income – interest expenses)

(II) Financial analysis - IFRS (Standalone)

Items to be analyzed (Note 2) \ Year (Note 1)		2016	2017	2018	2019	2020
Financial position (%)	Debt to asset ratio	8.07	10.83	27.59	39.15	53.40
	Long-term fund to property, plant and equipment ratio	383.90	294.49	303.81	274.22	203.15
Solvency (%)	Current ratio	894.58	339.71	124.28	134.95	89.83
	Quick ratio	813.58	254.53	103.63	120.59	81.13
	Times interest earned	-	(2294.68)	73.21	33.34	27.92
Operating performance	Average collection turnover (times)	3.78	3.97	4.80	4.59	5.36
	Days sales outstanding	97	92	76	80	68
	Average inventory turnover (times)	11.81	8.69	8.09	8.61	10.65
	Average payment turnover (times)	14.30	16.31	16.79	14.07	12.92
	Average inventory turnover days	31	42	45	42	34
	Property, plant and equipment turnover (times)	1.18	1.25	1.71	1.49	1.06
	Total assets turnover (times)	0.30	0.34	0.46	0.39	0.35
Profitability	Return on assets (%)	(4.89)	(2.49)	6.48	10.48	11.29
	Return on equity (%)	(5.31)	(2.75)	8.03	15.54	20.95
	Pre-tax income to paid-in capital (%)	(0.50)	(2.27)	10.11	18.39	29.55
	Net profit margin (%)	(16.21)	(7.24)	13.75	26.01	31.44
	Earnings per share (NTD)	(0.71)	(0.33)	1.02	2.19	3.34
Cash flow	Cash flow ratio (%)	47.02	282.97	24.69	48.57	32.46
	Cash flow adequacy ratio (%)	200.96	217.76	198.45	118.42	60.39
	Cash flow reinvestment ratio (%)	0.20	12.84	4.61	8.20	6.57
Leverage	Operating leverage	(36.97)	6.61	2.54	3.74	2.36
	Financial leverage	1.00	1.00	1.01	1.07	1.05

Reasons for changes in the financial ratios in the past two years:

1. Financial structure (debt-to-asset ratio, fixed assets ratio), solvency (current ratio, quick ratio):
   Due to increase in long-term and short-term borrowings and the purchase of real estate, the changes in financial structure and solvency became greater.
2. Operational capability (inventory turnover, fixed asset turnover):
   As the Company's capacity utilization increased, net sales increased, and there were real estate acquisitions.
3. Profitability (Return on equity, ratio of pre-tax income to paid-up capital, net profit margin, earnings per share):
   The increase in net income led to the growth in various aspects of profitability.
4. Cash flow (Cash flow ratio, cash flow adequacy ratio, cash flow reinvestment ratio):
   Due to the increase in current liabilities and capital expenditure (purchase of real estate) in 2020.
5. Leverage (Operating leverage):
   Due to the increase in operating income this year.

Note 1: The aforementioned financial information from 2016 to 2020 were audited and verified by a certified accountant.

Note 2: Calculation formula for items to be analyzed as shown below:

1. Capital structure
   (1) Debt-to-asset ratio = Total liabilities / Total assets
   (2) Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) /Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities
   (3) Times interest earned = Earnings before interest and taxes / Interest expenses
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / the balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation)
   (2) Days sales outstanding = 365 / Average collection turnover
   (3) Average inventory turnover = Operating costs / Average inventory
   (4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation)
   (5) Average inventory turnover days = 365 / Average inventory turnover
   (6) Property, plant and equipment turnover = Net sales / Average property, plant and equipment
   (7) Total assets turnover = Net sales / total assets
4. Profitability
   (1) Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets
   (2) Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent
   (3) Net margin = Net income / Net sales
   (4) Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding
5. Cash flow
   (1) Cash flow ratio = Net cash provided by operating activities / Current Liabilities
   (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
   (3) Cash 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) / Operating income
   (2) Financial leverage = Operating income / (Operating income – interest expenses)

III. Audit Committee's audit report of the Financial Statements for the most recent fiscal year

Taiwan Mask Corporation

Audit Committee's Audit Report

We have reviewed the Company's 2020 business report, financial statements and earnings appropriation proposal prepared by the board of directors. The financial statements have been audited by CPA Tien-I Li and CPA Ya-Hui Cheng of PricewaterhouseCoopers Taiwan, to which the firm has issued an independent auditor's report. The Audit Committee found no misstatement in the above, and hereby presents this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

For

The 2021 Annual General Meeting

Taiwan Mask Corporation

Audit Committee convener: Yu-

March 15, 2021

Taiwan Mask Corporation

Consolidated Financial Statements Declaration

The companies that are required to be included in the affiliated companies consolidated financial statements as of and for the year ended on December 31, 2020, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements of parent company and subsidiaries prepared in conformity with the International Accounting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the affiliated companies consolidated financial statements is included in the consolidated financial statements of the aforesaid parent company and subsidiaries. Consequently, do not prepare a separate set of consolidated financial statements of the affiliated companies.

Very truly yours

Company Name: Taiwan Mask Corpo

Representative: Chen Chen

March 15, 2021

IV. Latest financial report

Independent Auditors' Report

(110) TWSE Review No. 20004138

To Taiwan Mask Corporation,

Opinions

We have audited the accompanying consolidated balance sheets of Taiwan Mask Corporation and its subsidiaries (the "Group") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the accompanying consolidated financial statements present fairly, in all material aspects, 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 ended December 31, 2020 and 2019 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our 2020 audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020" and generally accepted auditing standards in the Republic of China ("ROC GAAS") for the year ended December 31, 2020; we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS") for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of the other independent auditors, 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 of fiscal year 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements in fiscal year 2020 are stated as follows:

Evaluation of Inventories

Description

Refer to Note 4(13) for the accounting policies on the evaluation of inventories, Note 5(2) for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(6) for the detailed description of inventory accounts. The inventory amount and allowance for inventory valuation loss as of December 31, 2020 is NT$288,686 thousand and NT$ 83,272 thousand respectively.

The Group is primarily engaged in mask and integrated circuit services in the semiconductor industry. Due to rapid technological innovations, short life-cycle and competition within the mask industry, the risk of price fluctuations, Loss on decline in value of inventories and obsolescence is higher than that of other industries. Management evaluates inventories stated at the lower of cost and net realizable value. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Assessed the policy on allowance for inventory valuation loss based on our understanding of the Group's operations and industry.
2. The test is used to evaluate the inventory aging report used and the inventory cost net realizable value, applying whichever is lower. This includes verification of the relevant supporting documents of the inventory transaction date, confirming the correct classification of the inventory age; verifying the supporting documentation of the net realizable value, evaluating and confirming the rationality of the net realizable value decision.
3. Verify the reasonableness of allowance for inventory valuation loss.

Income recognition

Description

For the accounting policy on income recognition, please refer to Note 4 (27) of the financial report. For sales revenue please refer to Note 6(20); the operating income in fiscal year 2020 is NT$4,666,756 thousand.

The Group mainly produces and sells products such as masks and integrated circuits used in semiconductors, and has a large and diversified sales base. Trading conditions vary according to market conditions and customer needs. Considering that sales revenue is a major transaction that has a significant impact on the consolidated financial statements, we believe that the recognition of sales revenue is one of the most important matters to be considered in this year's audit.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand the type of major income and assess internal operations, review revenue recognition and accounting treatment.

2. Obtain the sales revenue statement, sample the sales transactions and verify the relevant documents to determine the appropriateness of the sales revenue.
3. Execute the cut-off test for the sales receipts transaction for a certain period of time before and after the closing date, and confirm that the account is correct at the time of entry.

Other matters–Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only standalone financial statements of Taiwan Mask Corporation as of and for the years ended December 31, 2020 and 2019.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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.

Independent Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ROC GAAS 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 conducted in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following undertakings:

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

We communicated 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 for the current period.

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 2020 consolidated financial statements of the current period and are therefore deemed 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 auditor's report because the adverse consequences of doing so would reasonable are expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan

Tien-I Li

Accountant

Ya-Hui Chen

Financial Supervisory Commission of the Executive Yuan
Approval Certificate No. 1020028992
Securities and Futures Bureau of Financial Supervisory Commission of the Executive Yuan
Approval Certificate No. 0960072936

March 15, 2021

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2020 and 2019

Unit: NT$Thousand

	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and Cash Equivalents	6(1)	$ 1,036,658	11	$ 946,517	16
1110	Financial Assets at Fair Value Through Profit or Loss - Current	6(2)	500	-	500	-
1136	Financial Assets at Amortized Cost - Current	6(4) and 8	34,212	-	40,236	1
1140	Contract Asset - Current	6(20)	93,809	1	18,121	-
1150	Notes Receivables (Net)	6(5)	879	-	-	-
1170	Accounts Receivables (Net)	6(5)	894,743	10	729,536	13
1180	Accounts Receivables - Related Parties (Net)	6(5) and 7	6,599	-	1,568	-
1200	Other Receivables		47,668	1	17,032	-
1210	Other Receivables - Related Parties	7	3,068	-	205,568	4
1220	Tax Assets		2,490	-	269	-
130X	Inventories	6(6)	205,414	2	245,157	4
1410	Prepayments		59,271	1	48,240	1
1470	Other Current Assets		53,982	1	6,190	-
11XX	**Total Current Assets**		2,439,293	27	2,258,934	39
	Non-Current Assets					
1510	Financial Asset at Fair Value Through Profit or Loss - Non Current	6(2) and 8	2,134,913	24	992,784	17
1517	Financial assets measured at fair value through other comprehensive income - Non Current	6(3)	-	-	-	-
1535	Financial Assets at Amortized Cost - Non Current	6(4) and 8	40,922	1	34,254	1
1550	Investment under Equity Method	6(7)	361,161	4	98,429	2
1600	Property, plant and equipment	6(8) and 8	3,116,087	34	1,546,919	27
1755	Right-of-use Asset	6(9)	508,467	6	427,729	8
1760	Investment property (Net)	6(11) and 8	313,099	3	38,687	1
1780	Intangible assets		124,426	1	126,776	2
1840	Deferred Income Tax Assets	6(27)	2,332	-	5,079	-
1900	Other Non-Current Assets		29,265	-	196,779	3
15XX	**Total Non-Current Assets**		6,630,672	73	3,467,436	61
1XXX	**Total Assets**		$ 9,069,965	100	$ 5,726,370	100

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2020 and 2019

Unit: NT$Thousand

	Liabilities and Equities	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short Term Loans	6(12)	$ 2,298,718	25	$ 804,938	14
2130	Contract Liabilities - Current	6(20)	99,418	1	39,856	1
2150	Notes Payable		66	-	65	-
2170	Accounts Payable		397,237	4	369,827	5
2200	Other Payables	6(13)	436,980	5	412,512	7
2220	Other Payables - Related Parties	7	-	-	1,432	-
2230	Current Income Tax Liabilities		80,722	1	17,668	-
2250	Provision for Liabilities - Current		12,917	-	-	-
2280	Lease Liability - Current		244,651	3	38,005	1
2300	Other Current Liabilities	6(14)	106,707	1	34,103	1
21XX	**Total Current Liabilities**		3,677,416	40	1,718,406	29
	Non-current liabilities					
2540	Long-term Loans	6(14)	1,635,872	18	439,084	8
2570	Deferred Income Tax	6(27)	53,268	1	32,181	-
2580	Lease liability - Non Current		262,275	3	393,386	7
2640	Defined Benefit Liabilities - Non Current	6(15)	18,213	-	20,311	-
2645	Guarantee Deposits Received		5,129	-	1,544	-
2670	Other Non-Current Liabilities - Other		1,102	-	-	-
25XX	**Total Non-Current Liabilities**		1,975,859	22	886,506	15
2XXX	**Total Liabilities**		5,653,275	62	2,604,912	44
	Equity attributable to shareholders of the parent company					
	Capital	6(16)				
3110	Capital stock		2,527,136	28	2,527,136	44
	Capital surplus	6(17)				
3200	Capital surplus		439,898	5	322,777	5
	Retained earnings	6(18)				
3310	Legal reserve		587,990	6	544,712	10
3320	Special reserve		2,666	-	-	-
3350	Unappropriated earnings		814,617	9	432,801	9
	Other equity interests	6(19)				
3400	Other equity interests		889	-	(1,872)	-
3500	Treasury stock	6(16)	(834,598)	(9)	(835,332)	(15)
31XX	**Total Equities Attributable to Parent Company**		3,538,598	39	2,990,222	53
36XX	**Non-controlling Interests**	4(3)	(121,908)	(1)	131,236	3
3XXX	**Total Equities**		3,416,690	38	3,121,458	56
	Major Commitments and Contingencies	9				
	Major Events after Financial Statement Date	11				
3X2X	**Total Liabilities and Equities**		$ 9,069,965	100	$ 5,726,370	100

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

Chairman: Sean Chen Manager: Lidon Chen Accounting Supervisor: Yi-Ting Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Comprehensive Income Statements
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand
(Except for earnings per share)

	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenue	6(20) and 7	$ 4,666,756	100	$ 3,468,682	100
5000	Operating costs	6(6)	(3,723,670)	(80)	(2,856,280)	(82)
5900	Gross profit		943,086	20	612,402	18
	Operating expenses					
6100	Selling Expenses		(131,841)	(3)	(147,481)	(4)
6200	Administrative Expenses		(324,379)	(7)	(229,701)	(7)
6300	R&D Expenses		(144,913)	(3)	(220,885)	(7)
6450	Expected Credit Impairment Benefit (Loss)	12(2)	2,200	-	(7,006)	-
6000	Total Operating Expenses		(598,933)	(13)	(605,073)	(18)
6900	Operating profit		344,153	7	7,329	-
	Non-operating income and expenses					
7100	Interest income	6(21)	4,826	-	9,270	-
7010	Other Incomes	6(22)	58,758	1	50,364	1
7020	Other Gains and Losses	6(23)	360,836	8	368,938	11
7050	Financial Costs	6(24)	(33,026)	(1)	(15,849)	-
7060	The share of affiliates and joint venture profits and losses recognized by the equity method	6(7)	(105,006)	(2)	(45,535)	(1)
7000	Total Non-Operating Incomes and Losses		286,388	6	367,188	11
7900	**Earnings Before Tax**		630,541	13	374,517	11
7950	Income Tax Expense	6(27)	(144,234)	(3)	(62,577)	(2)
8200	**Net Income (Loss)**		$ 486,307	10	$ 311,940	9

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Comprehensive Income Statements
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand
(Except for earnings per share)

	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
	Other Comprehensive Incomes (Net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Re-measurements of defined benefit plan		$ 424	-	$ 1,527	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		-	-	(2,789)	-
8310	Total items that will not be reclassified subsequently to profit or loss		424	-	(1,262)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations	6(19)	2,761	-	(7,078)	-
8360	Total Components of other comprehensive income that will be reclassified to profit or loss		2,761	-	(7,078)	-
8500	**Total comprehensive income for the year**		$ 489,492	10	$ 303,600	9
	Net Incomes (Losses) Attributable to:					
8610	Parent Company		$ 683,897	14	$ 431,254	12
8620	Non-controlling Interests		(197,590)	(4)	(119,314)	(3)
	Total		$ 486,307	10	$ 311,940	9
	Total Comprehensive Incomes (Losses) Attributable to:					
8710	Parent Company		$ 687,082	14	$ 423,056	12
8720	Non-controlling Interests		(197,590)	(4)	(119,456)	(3)
	Total		$ 489,492	10	$ 303,600	9
	Earnings per share	6(28)				
9750	Net Income (Loss)		$	3.34	$	2.19
	Diluted Earnings per share	6(28)				
9850	Net Income (Loss)		$	3.30	$	2.18

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

Chairman: Sean Chen Manager: Lidon Chen Accounting Supervisor: Yi-Ting Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand

	Notes	Equity attributable to shareholders of the parent company										
				Retained earnings			Other equity interests					
		Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gain (loss) on investments on financial assets at fair value through other comprehensive income	Treasury stock	Total	Non-controlling Interests	Total Equity
2019												
Beginning Balance as of 2019/1/1		$ 2,527,136	$ 169,431	$ 524,792	$ 14,287	$ 199,736	$ 7,853	$ -	($ 884,741)	$ 2,558,494	$ 15,317	$ 2,573,811
Net Income (Loss)		-	-	-	-	431,254	-	-	-	431,254	(119,314)	311,940
Other Comprehensive Profit or Loss	6(19)	-	-	-	-	1,527	(7,059)	(2,666)	-	(8,198)	(142)	(8,340)
Total comprehensive income for the year		-	-	-	-	432,781	(7,059)	(2,666)	-	423,056	(119,456)	303,600
Distribution and allocation of surplus earnings for FY2018	6(18)											
Legal capital reserve		-	-	19,920	-	(19,920)	-	-	-	-	-	-
Reversal of Special capital		-	-	-	(14,287)	14,287	-	-	-	-	-	-
Cash dividends		-	-	-	-	(194,083)	-	-	-	(194,083)	-	(194,083)
Adjustment of capital reserve by dividends paid to subsidiaries	6(17)	-	30,926	-	-	-	-	-	-	30,926	-	30,926
Difference between actual acquisition price and carrying value of equity in subsidiaries	6(17)	-	(5,333)	-	-	-	-	-	-	(5,333)	47,132	41,799
Changes in shares of affiliates and joint ventures recognized under the equity method	6(17)	-	17,809	-	-	-	-	-	-	17,809	-	17,809
Share-based payment transaction	6(17)	-	109,628	-	-	-	-	-	49,409	159,037	-	159,037
Unclaimed dividends of shareholders	6(17)	-	316	-	-	-	-	-	-	316	-	316
Reduction in non-controlling interests in mergers		-	-	-	-	-	-	-	-	-	(584)	(584)
Increase in non-controlling interests in mergers		-	-	-	-	-	-	-	-	-	188,827	188,827
Ending Balance as of 2019/12/31		$ 2,527,136	$ 322,777	$ 544,712	$ -	$ 432,801	$ 794	($ 2,666)	($ 835,332)	$ 2,990,222	$ 131,236	$ 3,121,458
2020												
Beginning Balance as of 2020/1/1		$ 2,527,136	$ 322,777	$ 544,712	$ -	$ 432,801	$ 794	($ 2,666)	($ 835,332)	$ 2,990,222	$ 131,236	$ 3,121,458
Net Income (Loss)		-	-	-	-	683,897	-	-	-	683,897	(197,590)	486,307
Other Comprehensive Profit or Loss	6(19)	-	-	-	-	424	2,761	-	-	3,185	-	3,185
Total comprehensive income for the year		-	-	-	-	684,321	2,761	-	-	687,082	(197,590)	489,492
Distribution and allocation of surplus earnings for FY2019	6(18)											
Legal capital reserve		-	-	43,278	-	(43,278)	-	-	-	-	-	-
Special Capital		-	-	-	2,666	(2,666)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(252,714)	-	-	-	(252,714)	-	(252,714)
Adjustment of capital reserve by dividends paid to subsidiaries	6(17)	-	37,081	-	-	-	-	-	-	37,081	-	37,081
Changes in shares of affiliates and joint ventures recognized under the equity method	6(17)	-	(11,799)	-	-	(3,847)	-	-	-	(15,646)	-	(15,646)
Share-based payment transaction	6(17)	-	88,273	-	-	-	-	-	307,654	395,927	-	395,927
Treasury Stock Buyback		-	-	-	-	-	-	-	(306,920)	(306,920)	-	(306,920)
Unclaimed dividends of shareholders	6(17)	-	3,566	-	-	-	-	-	-	3,566	-	3,566
Reduction in non-controlling interests in mergers		-	-	-	-	-	-	-	-	-	(55,554)	(55,554)
Ending Balance as of 2020/12/31		$ 2,527,136	$ 439,898	$ 587,990	$ 2,666	$ 814,617	$ 3,555	($ 2,666)	($ 834,598)	$ 3,538,598	($ 121,908)	$ 3,416,690

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

Chairman: Sean Chen Manager: Lidon Chen Accounting Supervisor: Yi-Ting Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Statements of Cash Flow
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash Flow from Operating Activities			
Net Income (Loss) Before Tax		$ 630,541	$ 374,517
Adjustments to Reconcile Net Income to Net Cash Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(25)	379,560	279,470
Amortization	6(25)	7,395	7,779
Expected Credit Impairment Benefit / Bad Debt Expenses	12(2)	(2,200)	7,006
Interest income	6(21)	(4,826)	(9,270)
Interest Incomes	6(24)	33,026	15,849
Net Profit of Financial Asset at Fair Value Through Loss (Profit)	6(23)	(461,862)	(354,635)
Gain (loss) on disposal of investments	6(23)	(74,561)	(22,121)
Impairment Loss of Financial Assets	6(23)	165,253	-
Dividend income	6(22)	(25,128)	(25,755)
Share-based payment transaction	6(16)	88,273	109,628
Share of losses of affiliated companies recognized under the equity method	6(7)	105,006	45,535
Disposal of interests in property, plant and equipment	6(23)	(1)	(1,916)
Gains (losses) on Disposal of Property, Plants and Equipment		72	962
The Changes of Assets/ Liabilities related to Operating Activities			
Net Changes of Assets related to Operating Activities			
Mandatory financial assets at fair value through profit or loss		(692,023)	81,328
Contract Assets		(75,688)	(2,618)
Notes Receivables		(879)	1,241
Accounts Receivables		(143,401)	(95,589)
Accounts Receivables－Related Parties		(5,031)	2,610
Other Receivables		(28,480)	(1,906)
Other Receivables－Related Parties		(3,068)	(11,390)
Inventories		18,383	39,020
Prepayments		(20,011)	29,030
Other Current Assets		(47,960)	3,390
Other Non-Current Assets		(614)	(45)
Net Changes of Liabilities related to Operating Activities			
Contract Liabilities		56,759	(18,541)
Notes Payable		1	-
Accounts Payable		24,673	94,562
Other Payables		80,593	104,264
Other Payables- related Parties		(1,432)	96
Other Current Liabilities		(10,266)	22,649
Defined Benefit Liabilities		(2,098)	(79)
Other Non-Current Liabilities		1,035	-
Net Cash In-Flow (Out-Flow) from Operating		(8,959)	675,071
Interest Received		5,156	7,601
Dividends Received		25,128	51,365
Interest Paid		(30,871)	(15,313)
Income Tax Paid		(60,398)	(46,979)
Net Cash In-Flow (Out-Flow) from Operating Activities		(69,944)	671,745

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Statements of Cash Flow
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash Flow from Investment Activities			
Acquisition of Amortized Cost Financial Assets		($ 141,012)	($ 90,548)
Disposal of Amortized Cost Financial Assets		137,960	129,275
Acquisition of investment property by the Equity Method		(268,965)	(65,000)
Cash effect of changes in consolidated entities	6(29)	12,100	86,656
Cash effect of changes in consolidated entities	6(30)	(43,089)	(25,037)
Acquisition of Property, Plants and Equipment	6(30)	(2,029,071)	(703,667)
Disposal of Property, Plants and Equipment		618	4,396
Acquisition of Intangible Assets		(3,653)	(3,420)
Decrease (Increase) of Refundable Deposits		(4,323)	82
Other Receivables－Related Parties		-	(20,000)
Net Cash Outflow from Investing Activities		(2,339,435)	(687,263)
Cash Flows from Financing Activities			
Increase of Short Term Loan	6(31)	3,709,278	1,292,495
Redemption of Short Term Loan	6(31)	(2,215,498)	(1,209,845)
Increase of Long Term Loan	6(31)	1,342,000	444,428
Redemption of Long Term Loan	6(31)	(61,533)	(8,045)
Distribution of cash dividends		(215,633)	(163,157)
Treasury stocks transfer to employees		307,591	49,409
Treasury stock buyback cost		(306,920)	-
Redemption of Lease Principal	6(31)	(60,382)	(37,157)
Increase (Decrease) of Guarantee Deposits	6(31)	3,585	(2,512)
Transfer of unclaimed dividends as Additional Paid-in Capital		3,566	316
Cash increase of non-controlling equity in Subsidiaries		-	40,000
Net Cash In-Flow (Out-Flow) from Funding Activities		2,506,054	405,932
Adjustments of Exchange Rate		(6,534)	(7,305)
Increase (Decrease) of Cash and Cash Equivalents		90,141	383,109
Beginning Balance of Cash and Cash Equivalents		946,517	563,408
Ending Balance of Cash and Cash Equivalents		$ 1,036,658	$ 946,517

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

Chairman: Sean Chen　　Manager: Lidon Chen　　Accounting Supervisor: Yi-Ting Yang

Taiwan Mask Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
2020 and 2019

Unit: NT$Thousand
(Unless otherwise specified)

I. Company history

Taiwan Mask Corporation (hereinafter referred to as the "Company") was established on October 21, 1988, and started its operations in March 1989. The Company was approved by the shareholders meeting on June 12, 2000 to acquire Shin-Tai Technology Co., Ltd., on the merger record date of December 1, 2000, with the Company being the surviving entity. The Company and its subsidiary (collectively referred to as the "Group") mainly engage in the research, development, manufacturing and sales of photomask and integrated circuits, providing technical assistance, consultation, inspection and repair of the abovementioned products, and manufacturing and buying and selling of medical equipment.

Date and procedures for passing the financial report

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 15, 2021.

Application of New and Revised International Financial Reporting Standards

(I) (1) The impact from adopting the newly released and revised International Financial Reporting Standards recognized by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2020:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
IAS 1 and IAS 8 amendments, Disclosure Initiative - Definition of Material.	January 1, 2020
IFRS 3 amendments, Definition of a business	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 -- Interest rate benchmark reform	January 1, 2020
Amendment to IFRS 16 for Rent Concessions in the Coronavirus Pandemic	June 1, 2020 (Note)

Note: The FSC allows the application in advance starting January 1, 2020.

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(II) (2) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended

standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2021:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendment to IFRS 4, "Extension to Temporary Exemption from Application of IFRS 9"	January 1, 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and Phase II amendment to interest rate benchmark reform of IFRS 16.	January 1, 2021

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(III) IFRSs issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
IFRS 3 amendment, "Reference to Conceptual Framework"	January 1, 2022
IFRS 10 and IAS 28 amendments, Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the IASB
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendment to IAS 1 - "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 - "Definition of Accounting Estimates"	January 1, 2023
Amendment to IAS 16 - "Property, Plant and Equipment: Proceeds before Intended Use".	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual improvements to 2018 - 2020 cycle	January 1, 2022

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

Summary of significant accounting policies

The principal accounting polices applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(IV) Compliance statement

These consolidated financial statements of the Group have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(V) Basis of preparation

1. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention.
   (1) Financial assets and financial liabilities at fair value through profit or loss (including derivatives).
   (2) Financial assets at fair value through other comprehensive income
   (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note V.

(VI) Basis of consolidation

1. The basis for preparation of consolidated financial statements
   (1) All subsidiaries are included in the Corporate Group's consolidated financial statements. Subsidiaries are all entities controlled by the Corporate Group. The Corporate Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Corporate Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Corporate Group.
   (3) The profit and loss and the components of other comprehensive income attribute to the owners of the parent company and non-controlling interest. The total comprehensive income also attributes to the owners of the parent company and non-controlling interest, even if this results in the non-controlling interests having a deficit balance.
   (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions, and they are considered as transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly recognized in equity.
   (5) When the Group loses control of a subsidiary, the Group remeasures any investment

retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activity	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Explanation
Taiwan Mask Corporation	SunnyLake Park International Holding, Inc.	Name of Investor	100	100	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Name of Investor	100	100	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	
Taiwan Mask Corporation	Weida Hi-Tech Company	Display panel control chip and other module's research, design, development, manufacturing and sales	-	100	Note 3
Taiwan Mask Corporation	Innova Vision INC.	Manufacturing, retail, wholesale and international trade of medical equipment	13.00	-	Note 4
Youe Chung Capital Corporation	Innova Vision INC.	Manufacturing, retail, wholesale and international trade of medical equipment	3.21	-	Note 4
Youe Chung Capital Corporation	Aptos Technology INC.	Design, packaging and testing of NAND flash memory, solid state drives and the related products	38.16	38.16	Note 1
Aptos Technology INC.	Adl Engineering INC.	Electronics components	52.19	52.19	Note 1
Aptos Technology INC.	New Sunrise Limited	Name of Investor	100	100	Note 1, Note 2

Adl Engineering INC.	Aptos Global Holding Corp.	Name of Investor	100	100	Note 1
Aptos Global Holding Corp.	Aptos Technology Co., Ltd.	Name of Investor	100	100	Note 1
Miracle Technology CO., LTD.	Jingjing Investment Co., Ltd.	Name of Investor	100	100	
Miracle Technology CO., LTD.	Miracle Technology (Samoa) Co., Ltd.	Name of Investor	100	100	
Jingjing Investment Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	
Jingjing Investment Co., Ltd.	MIKO Technology Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	

Name of Investor	Name of Subsidiary	Main Business Activity	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Explanation
Miracle Technology (Samoa) Co., Ltd.	Misun Technology Co., Ltd.	Name of Investor	100	100	
Misun Technology Co., Ltd.	Miracle International Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	
Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	64.29	64.29	
Miracle International Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	35.71	35.71	
Weida Hi-Tech Company	Touch Hi-Tech Co., Ltd.	Touch panel system hardware design and software development	-	100	Note 3
Weida Hi-Tech Company	Smart Touch Co., Ltd.	Name of Investor	-	100	Note 3
Weida Hi-Tech Company	Central Star Ltd.	Name of Investor	-	22.30	Note 3
Smart Touch Co., Ltd.	Central Star Ltd.	Name of Investor	-	77.70	Note 3
Innova Vision INC.	Innova Technology	Medical equipment retail and wholesale	100	-	Note 4
Innova Vision INC.	InnoVa Vision (B.V.I.) Inc.	Name of Investor	100	-	Note 4
Innova Vision INC.	InnoVa Vision Kabushiki Kaisha	Medical equipment retail and wholesale	9.23	-	Note 4
Innova Vision INC.	CalaView International Holding Company Limited	Name of Investor	100	-	Note 4
InnoVa Vision (B.V.I.) Inc.	InnoVa Vision Kabushiki Kaisha	Medical equipment retail and wholesale	90.77	-	Note 4

Note 1: On June 28, 2019, Aptos Technology INC. held elections for all directors at its shareholders meeting. The Company's subsidiary Youe Chung Capital Corporation won more than half of the director seats obtaining substantial control of this company. Therefore, it has been included in consolidated financial statements as a consolidated entity from that date on.

Note 2: As of December 31, 2020, the funds for shares have not been remitted.

Note 3: Weida Hi-Tech Company issued new stocks for cash capital increase separately on April 10, 2020 and May 15, 2020. The Group did not keep up with the subscription for shareholding, which caused the shareholding to drop to 36.70%. Weida Hi-Tech Company then held an extraordinary general meeting of shareholders on June 2, 2020 to elect new directors. The Company won one seat of director and lost the control of the Weida. Therefore, the Group has stopped including Weida Hi-Tech and its subsidiaries in the consolidated financial statements since June 2, 2020. For cash flow information related to its subsidiaries, please refer to Note 6 (30) for supplementary cash flow information.

Note 4: On December 16, 2020, Innova Vision held elections for all directors at its extraordinary general meeting. The Company's subsidiary Youe Chung Capital Corporation won all the director seats, obtaining substantial control of this company. Therefore, it is included in consolidated financial statements as a consolidated entity from that date.

3. Subsidiaries not included in the consolidated financial report: None.

4. Adjustments for subsidiaries with different balance sheet dates: None.

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Corporate Group: None.

   The total non-controlling interests of the Group as of December 31, 2020 and 2019 were ($121,908) and ($131,236). The following information shows subsidiaries that have non-controlling interests that are material to the Corporate Group:

Name of Subsidiary	Main location of business	Non-controlling Interests				
		December 31, 2020		December 31, 2019		
		Amount	Ownership in %	Amount	Ownership in %	Explanation
Aptos Technology and its subsidiaries	Taiwan	($ 63,630)	61.84%	$ 131,236	61.84%	
Innova Vision and its subsidiaries	Taiwan	(58,278)	39.82%	-	-	

Aggregate financial information of subsidiaries:

Balance Sheet

	Aptos Technology and its subsidiaries	
	December 31, 2020	December 31, 2019
Current assets	$ 227,618	$ 227,392
Non-Current Assets	462,810	233,035
Current liabilities	(657,891)	(246,988)
Non-current liabilities	(156,705)	(87,471)
Total net assets	($ 124,168)	$ 125,968

	Innova Vision and its subsidiaries	
	December 31, 2020	December 31, 2019
Current assets	$ 51,636	$ -
Non-Current Assets	35,523	-
Current liabilities	(233,167)	-
Non-current liabilities	(355)	-
Total net assets	($ 146,363)	$ -

Statement of Comprehensive Income

	Aptos Technology and its subsidiaries	
	2020	2019
Revenue	$ 377,749	$ 530,067
Net loss before taxes	(254,537)	(154,925)
Income Tax Expense	-	-
Net loss of current period from continuing operations	(254,537)	(154,925)
Net loss	(254,537)	(154,925)
Other comprehensive income (net after tax)	-	(8,978)
Total comprehensive income for the year	($ 254,537)	($ 163,903)
Total comprehensive income attributable to non-controlling interests	$ 194,866	($ 104,723)

	Innova Vision and its subsidiaries	
	2020	2019
Revenue	$ -	$ -
Net loss before taxes	-	-
Income Tax Expense	-	-
Net loss of current period from continuing operations	-	-
Net loss	-	-
Other comprehensive income (net after tax)	-	-

Total comprehensive income for the year	$ -	$ -
Total comprehensive income attributable to non-controlling interests	$ -	$ -

Cash Flow Statement

	Aptos Technology and its subsidiaries	
	2020	2019
Net cash outflow from operating activities	($ 212,692)	($ 87,991)
Cash In-Flow (Out-Flow) from Investing Activities	(28,581)	(2,314)
Net Cash In-Flow (Out-Flow) from Funding Activities	192,864	123,541
Net increase (decrease) in cash and cash equivalents	(48,409)	33,236
Beginning Balance of Cash and Cash Equivalents	87,602	54,366
Ending Balance of Cash and Cash Equivalents	$ 39,193	$ 87,602

	Innova Vision and its subsidiaries	
	2020	2019
Net cash outflow from operating activities	$ -	$ -
Net Cash Outflow from Investing Activities	-	-
Net Cash In-Flow (Out-Flow) from Funding Activities	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	-	-
Beginning Balance of Cash and Cash Equivalents	12,100	-
Ending Balance of Cash and Cash Equivalents	$ 12,100	$ -

(VII) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

1. Foreign currency transactions and balances

(1) Foreign currency transactions are translated into the functional currency using spot exchange rate at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated using spot exchange rate at the balance sheet date. Exchange differences arising from re-translation at the balance sheet date are recognized in profit or loss.

(3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using spot exchange rate at the balance sheet date. Their translation differences are recognized in profit or loss. Non-monetary assets and liabilities

denominated in foreign currencies held at fair value through other comprehensive income are re-translated using spot exchange at the balance sheet date. Their translation differences are recognized in other comprehensive income. For those which are not measured at fair value, they measured by the historical exchange rate of the initial transaction date.

(4) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".

2. Translation of foreign operations

(1) The operating results and financial position of all corporate group entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

C. All resulting exchange differences are recognized in other comprehensive income.

(2) When the foreign operation that is partially disposed of or sold is a subsidiary, the accumulated conversion difference recognized as other comprehensive income is re-attributed to the foreign operation's non-controlling interests on a pro rata basis. However, even if the Group retains part of its equity in the former subsidiary, but has lost control of the subsidiary of the foreign operation, it will be treated with as a disposal of the entire equity of the foreign operation

(3) Goodwill and fair value adjustments arising on acquisition of a foreign entity are regarded as assets and liabilities of the foreign entity, and are translated at the closing rate.

(VIII) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(2) Assets held mainly for trading purposes.

(3) Assets that are expected to be realized within twelve months from the balance sheet date.

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Those that do not meet the above criteria are considered non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be paid off within the normal operating cycle.

(2) Assets held mainly for trading purposes.

(3) Liabilities that are to be paid off within twelve months from the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do

not affect its classification.

Those that do not meet the above criteria are considered non-current.

(IX) Financial assets at fair value through profit and loss

1. Refer to the financial assets that are not measured at amortized cost, or are measured at fair value through other comprehensive gain or loss.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. The Group measures financial assets at fair value in initial recognition. The related transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits associated with the dividends are likely to flow in, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(X) Financial assets at fair value through other comprehensive profit and loss

1. Refers to an irrevocable election at the time of initial recognition to report the fair value changes of equity investments that are not held for trading in other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. The Corporate Group measures financial assets at fair value plus transaction costs at the initial recognition. The financial assets are subsequently measured at fair value. The fair value changes of equity investments are recognized in other comprehensive income. At the time derecognition, the accumulated gains or losses previously recognized in other comprehensive income shall not subsequently reclassified to profit or loss, and shall be transferred to retained earnings. When the right to receive dividends is established, the economic benefits associated with the dividends are likely to flow in, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(XI) Financial assets measured at amortized cost

1. Refer to those that meet the following criteria at the same time:
   (1) The objective of the business model is achieved by collecting contractual cash flows.
   (2) The assets' contractual cash flows solely represent payments of principal and interest.
2. The Corporate Group holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and is measured by the amount of investment.

(XII) Accounts and notes receivable

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XIII) Impairment Loss of Financial Assets

Regarding debt instruments measured at FVTOCI, financial assets measured at amortized cost, accounts receivable or contract assets and lease receivables that contain significant financing components, the Group, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for contract assets or trade receivables that do not constitute a financing transaction.

(XIV) De-recognition of financial assets

A financial asset is derecognized when the Group's rights to receive cash flows from the financial assets have expired.

(XV) Lessor's lease transaction -- Operating lease

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(XVI) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (amortized according to normal production capacity), but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable costs of completion and selling expenses.

(XVII) Investments accounted for using equity method -- Associates

1. Associates refer to entities over which the Corporate Group has significant influence but is not in control. In general, the associates may have more than 20% of their voting shares directly or indirectly owned by the Group. The Corporate Group accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
2. The Corporate Group recognizes the profit and loss upon the acquisition of associates as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. When the Corporate Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group will not recognize further losses, unless it has incurred legal or constructive obligations or make payments on behalf of the associate.
3. If an associate has changes in equity not from profit or loss or other comprehensive income, and such changes do not affect the Corporate Group's shareholding in the associate, the Group will recognize all changes in equity attributable to the Group's share of the associate as "capital surplus" according to the shareholding percentage.
4. Unrealized gains on transactions between the Corporate Group and associates are

eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Corporate Group.

5. In the event that an associate issues new shares and the Corporate Group does not subscribe to or acquire the new shares in proportion, which results in a change to the Group's shareholding percentage but the Group maintains a significant influence on the associate, the increase or decrease of the Group's share of equity interest is the adjustment of "capital surplus" and "investments accounted for under the equity method". If the investment percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the relevant assets or liabilities were disposed of.

(XVIII) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporate Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 years to 56 years
Machinery and equipment	2 years to 14 years
Office equipment	3 years to 6 years
Transportation equipment	3 years to 6 years
Leasehold improvements	2 years to 10 years
Mold equipment	2 years
Other equipment	3 years to 5 years

(XIX) Leasing agreements (lessee) - Right-of-use assets/lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over

the lease term.

2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments, less any lease incentives receivables.

   The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. At the commencement date, the right-of-use asset is recognized at cost which includes:

   (1) The amount of initial measurement of lease liability.

   (2) Any lease payments made at or before the commencement date.

   (3) Any original direct costs incurred.

   (4) The estimated cost of dismantling, removing the underlying asset and restoring its location, or restoring the underlying asset to the condition required in the lease terms and conditions.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

(XX) Real estate investment

Investment properties are initially measured at cost, and may be subsequently measured using a cost model. Except for land, the service life is recognized on a straight-line basis of depreciation and is about 45 years.

(XXI) Intangible assets

1. Trademark and concession

   Trademarks and concession obtained separately are recognized at the cost of acquisition, and trademarks and concessions obtained as a result of a business combination are recognized at fair value on the acquisition date. Trademarks and concessions are assets with a limited useful life and are amortized based on the estimated useful life of 10 to 15 years based on the straight-line method.

2. Computer software

   Computer software is recognized at the cost of acquisition, and amortized based on the estimated useful life of 3 years based on the straight-line method.

3. Goodwill

   Goodwill is measured in a business combination using the acquisition method.

(XXII) Impairment of non-financial assets

1. The Corporate Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal cost or value in use. When the circumstances or reasons for recognizing impairment loss for

an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

2. Goodwill, intangible assets with indefinite useful life and intangible assets not yet available for use are regularly estimated for their recoverable amounts. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The goodwill impairment loss will not be reversed in subsequent years.
3. Goodwill is allocated to cash-generating units for the purpose of conducting the impairment testing. The allocation identified based on the operating segment, and the goodwill is allocated to cash-generation units or groups of cash-generation units expected to benefit from the business combination that generates goodwill.

(XXIII) Borrowings

Refers to long- and short-term funds borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXIV) Accounts and notes receivable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXV) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

   (1) Defined contribution plans

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

   (2) Defined benefit plans

   A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit

method. The rate used to discount is determined by using the current interest rates of government bonds (at the balance sheet date) consistent with the currency and period of the defined-benefit plan instead.

B. Re-measurements arising on defined-benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

The related expenses of the past service cost are immediately recognized as profit and loss.

3. Termination benefits

Refer to when companies decide to terminate the employees before the normal retirement date, or when employees decide to accept the benefits in exchange for the termination. The Group recognizes expenses when it is no longer able to withdraw the offer of termination benefits or when the relevant restructuring costs are recognized, whichever is earlier. Liabilities that are not expected to be paid off within twelve months from the balance sheet date should be discounted.

4. Remuneration for employees and directors and supervisors

Employees' bonuses and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XXVI) Share-based payment to employees

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at fair value, and it is recognized as compensation costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(XXVII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. Deferred income tax is recognized, using the balance sheet liability method, on

temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities. They are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) Capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

2. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental costs, is recognized as a deduction of shareholders' equity with the net amount after tax. When the purchased shares are subsequently reissued, the difference between the consideration received and the book value after deducting any directly attributable incremental costs and the impact of income tax is recognized as an adjustment to shareholders' equity.

(XXIX) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as dividends to be distributed and transferred to be common stocks and share premium on the record date of issuance of new shares.

(XXX) Recognized revenue

1. Product sales

(1) The Group manufactures and sells photomasks and integrated circuit products, medical equipment products, etc. The sales revenue is recognized when the control of the product is transferred to the customer. That is, once products are delivered to customers, the customers have discretion on the channel and price of

product sales, and the Corporate Group has no outstanding performance obligations that may affect customers' acceptance of the products. The delivery of products occurs when products are shipped to a designated location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.

(2) The time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Corporate Group has not adjusted the transaction price to reflect the time value of money.

(3) Accounts receivable are recognized when goods are delivered to customers. The Corporate Group has unconditional rights to the contract price, and will be able to collect the amount from the customers after the time has passed.

2. Sales of services

The Group mainly provides integrated circuit packaging services. The actual services provided and fees will vary according to different customers. Prices are negotiated separately before providing services, and are based on the prevailing market price. The performance obligations identified based on customer contracts are mainly for packaging services, and revenue is recognized by measuring the degree of completion of performance obligations during the period of service provision.

With the packaging service provided, the customer simultaneously receives and consumes the performance benefits, and the customer has control over the asset when the asset is created or enhanced. The related revenue is recognized by measuring the degree of completion of the performance obligation during the service period. The packaging service is based on the input of the technical staff on the basis of the service, and the progress of completion is measured based on the percentage of the incurred cost to the estimated total cost. After the agreed service or shipment is fulfilled for the contract agreement, a bill is issued, so the contract assets are recognized when the service provided, and transferred to account receivables when the customer agrees to the Group to issue the bill.

(XXXI) Government subsidies

Government subsidies are recognized at fair value once it is reasonably convinced that the Company complies with the conditions for subsidies and will be receiving the subsidies. If the nature of the government subsidies is to compensate the expenses incurred by the Group, the government subsidies are recognized as current gains and losses on a systematic basis during the period in which the related expenses are incurred.

(XXXII) Business combination

1. The Corporate Group adopts the acquisition method for business combination. The combination consideration is calculated based on the fair value of transferred assets, liabilities incurred or assumed, and equity instruments issued. The transferred consideration includes the fair value of any assets and liabilities arising from contingent consideration agreed. The acquisition-related costs are recognized as expenses when incurred. The identifiable assets acquired and the liabilities assumed in a business combination are measured at the fair value on the acquisition date. The Group uses individual acquisition transactions as the basis. If the non-controlling interest is part of the current ownership interest and the holder has the right to a

proportional share of the company's net assets at the time of liquidation, it is measured at a fair value on the acquisition date or based on the proportion of identifiable assets of acquiree. Other components of non-controlling interests are measured at fair value of the acquisition date.

2. If the total fair value of transfer of consideration, non-controlling interests of acquiree and the interest of acquiree that has been held previously exceeds the fair value of identifiable assets and the assumed liabilities, it is recognized as goodwill on the acquisition date. If the identifiable assets acquired and the assumed liabilities exceed the transfer of consideration, the difference between the non-controlling interests of acquiree and the total fair value of acquiree's interests previously held is recognized as the current profit or loss.

(XXXIII) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the president that makes strategic decisions.

Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

The preparation of these consolidated financial statements requires the management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please see the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(I) Important judgments adopted by the accounting policies

Not applicable.

(II) Critical accounting estimates and assumptions

Evaluation of Inventories

The Group is primarily engaged in mask and integrated circuit services in the semiconductor industry. Due to rapid technological innovations, short life-cycle and competition within the mask industry, the risk of price fluctuations, Loss on decline in value of inventories and obsolescence is higher than that of other industries. The Group measures inventory based on the lower of cost and net realizable value. For inventories that are older than a certain period of age or are outdated and obsolete, the Group must use judgment and estimation to determine the net realizable value of the inventory on the balance sheet date. The valuation of inventory may undergo major changes.

As of December 31, 2020, the book value of the Corporate Group's inventory was NT$205,414.

Statements of main accounting items

(I) Cash

	December 31, 2020	December 31, 2019

Cash on hand	$	309	$	771
Checking accounts and demand deposits		905,755		760,760
Time deposits		130,594		184,986
Total	$	1,036,658	$	946,517

1. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

5. The Group has no cash and cash and cash equivalents pledged to others.

(II) Financial assets at fair value through profit and loss

Items	December 31, 2020	December 31, 2019
Current items:		
Mandatory financial assets at fair value through profit or loss		
Beneficiary certificates	$ 500	$ 500
Valuation adjustment	-	-
	$ 500	$ 500
Non-current items:		
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	$ 1,302,315	$ 560,954
Not listed, OTC or emerging stock board stocks	102,023	112,694
Private equity	10,000	-
	1,414,338	673,648
Valuation adjustment	720,575	319,136
	$ 2,134,913	$ 992,784

1. Financial assets at fair value through profit or loss are detailed as follows:

	2020	2019
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	$ 542,937	$ 344,139
Not listed, OTC or emerging stock board stocks	(92,831)	12,570
Private equity	-	20,047
	$ 450,106	$ 376,756

2. Please see Note VIII on how the Group provides financial assets at fair value through profit or loss as a pledged collateral.
3. Please see Note 12 (2) and (3) for the price risk and fair value information related to financial assets at fair value through profit or loss.

The Group holds financial assets-equity instruments compulsorily measured at fair value through profit or loss, and received cash dividends in 2020 and 2019. Part of the cash dividends were investment costs returned as cost deductions, and the remainder belonged to dividend income. Please refer to details in Note 6 (22).

(III) Financial assets at fair value through other comprehensive profit and loss

Items	December 31, 2020	December 31, 2019
Non-current items:		
Equity instruments		
Not listed, OTC or emerging stock board stocks	$ -	$ 199
Valuation adjustment	-	(199)
	$ -	$ -

1. The Group electes to classify equity instruments that are strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments on December 31, 2020 and 2019 were all $0.
2. Financial assets at fair value through other comprehensive income recognized in income and comprehensive income are detailed as follows:

	2020	2019
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ -	($ 2,789)

3. While not considering the collaterals or other credit enhancements, the financial assets at fair value through other comprehensive income held by the Group had the maximum exposure of credit risk at $0 and $0 as of December 31, 2020 and 2019, respectively.
4. Please see Note 12 (2) and (3) for the price risk and fair value information related to financial assets at fair value through other comprehensive income.

(IV) Financial assets measured at amortized cost

Items	December 31, 2020	December 31, 2019
Current items:		
Demand Deposit	$ 11,111	$ 3,004
Time deposits	23,101	37,232
	$ 34,212	$ 40,236
Non-current items:		
Time deposits	$ 40,922	$ 34,254
	$ 40,922	$ 34,254

1. Financial assets at amortized cost is recognized in the profit or loss shown as follows:

	2020	2019
Interest income	$ 138	$ 364

2. While not considering the collaterals or other credit enhancements, the financial assets at amortized cost held by the Group had the maximum exposure of credit risk at $75,134 and $74,490 as of December 31, 2020 and 2019, respectively.

3. Please see Note VIII on how the Group provides financial assets at amortized cost as a pledged collateral.

(V) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes Receivables	$ 879	$ -
Accounts Receivables	906,142	737,295
Accounts Receivables－Related Parties	6,599	1,568
	912,741	738,863
Less: Loss allowance	(11,399)	(7,759)
	$ 901,342	$ 731,104

2. Aging of accounts receivable notes receivable is as follows:

	December 31, 2020		December 31, 2019	
	Accounts Receivables	Notes Receivables	Accounts Receivables	Notes Receivables
Not past due	$ 723,020	$ 879	$ 636,020	$ -
Up to 30 days	149,442	-	64,111	-
31-90 days	32,507	-	32,938	-
91-180 days	2,169	-	5,562	-
More than 181 days past due	5,603	-	232	-
	$ 912,741	$ 879	$ 738,863	$ -

The above is an aging report based on the number of days past due.

2. As of December 31, 2020 and 2019, accounts receivable and notes receivable were from contracts with customers. The balances of notes and accounts receivable as of January 1, 2019 was NT$605,387.

3. While not considering the collaterals or other credit enhancements, the accounts receivable held by the Group had the maximum exposure of credit risk at $901,342 and $731,104, respectively, as of December 31, 2020 and 2019.

4. Please refer to Note 12 (2) for the information on credit risk of accounts receivable.

(VI) Inventories

	December 31, 2020		
	Cost	(Gain from reversal of) loss allowance on decline in market value of inventories	Book value
Raw materials	$ 236,557	($ 57,847)	$ 178,710
Work in process	16,363	(7,257)	9,106
Finished goods	27,684	(17,653)	10,031
Merchandise	8,082	(515)	7,567
Total	$ 288,686	($ 83,272)	$ 205,414

	December 31, 2019		
	Cost	(Gain from reversal of) loss allowance on decline in market value of inventories	Book value
Raw materials	$ 201,044	($ 54,945)	$ 146,099
Work in process	36,657	(5,408)	31,249
Finished goods	68,350	(17,673)	50,677
Merchandise	25,529	(8,397)	17,132
Total	$ 331,580	($ 86,423)	$ 245,157

The cost of inventories recognized as losses by the Corporate Group.

	2020	2019
Cost of goods sold	$ 3,704,961	$ 2,836,245
Loss on inventory	2,635	11,743
Loss on scrapping of inventory	16,074	7,187
Revenue from sales of leftovers	-	(141)
Others	-	1,246
	$ 3,723,670	$ 2,856,280

(VII) Investment under Equity Method

	December 31, 2020	December 31, 2019
Affiliates:		
Advagene Biopharma Co., Ltd.	$ 88,915	$ 98,429

Xsense Technology Corporation	186,821	-
Weida Hi-Tech Company	85,425	-
	$ 361,161	$ 98,429

The book value and the share of operating results of each of the Group's insignificant affiliates are summarized as follows:

	2020	2019
Net loss of current period from continuing operations	($ 105,006)	($ 45,535)
Other comprehensive income (net after tax)	-	-
Total comprehensive income for the year	($ 105,006)	($ 45,535)

The Group has invested in Advagene Biopharma, Xsense Technology Corporation and Weida Hi-Tech, and held 29.71%, 35.38% and 36.70%, respectively, of their equity, and is there single largest shareholder. However, the Group does not actually participate in the business decisions and operating policies, including strategic decisions (such as financing, acquisitions, personnel and dividend policies) of Advagene Biopharma, Xsense Technology (BVI) and Weida Hi-Tech. The Group's shareholding alone does no reach the statutory attendance percentage of shareholders meetings, indicating that the Group has no actual ability to direct relevant activities. Therefore it is judged that the Group has no control over the companies, and only has a significant influence on them.

(VIII) Property, plant and equipment

	Buildings and structures (including land)	Machinery and equipment	Office equipment	Transportation equipment	Mold equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2020								
Cost	$ 1,013,344	$ 1,767,700	$ 21,509	$ 3,090	$ 5,700	$ 52,091	$ 253,644	$ 3,117,078
Accumulated depreciation	(529,905)	(1,004,444)	(11,377)	(2,194)	(2,960)	(19,279)	-	(1,570,159)
	$ 483,439	$ 763,256	$ 10,132	$ 896	$ 2,740	$ 32,812	$ 253,644	$ 1,546,919
January 1, 2020	$ 483,439	$ 763,256	$ 10,132	$ 896	$ 2,740	$ 32,812	$ 253,644	$ 1,546,919
Add - Cost	1,086,372	928,787	8,901	570	4,294	7,524	123,585	2,160,033
Disposals - Cost	-	(89)	(661)	-	-	(8,952)	-	(9,702)
Disposal - Accumulated depreciation	-	27	661	-	-	8,397	-	9,085
Depreciation	(37,015)	(269,307)	(4,929)	(412)	(3,430)	(13,731)	-	(328,824)
Reclassification - Cost	(262,122)	229,016	-	-	-	-	(242,057)	(275,163)
Consolidated transfer in	2,590	13,513	-	-	397	2,353	1,539	20,392
Consolidated standalone entities reduce the number of transfer out - Cost	-	-	(1,215)	-	-	(13,160)	-	(14,375)
Consolidated standalone entities reduce the number of transfer out - Accumulated depreciation	-	-	645	-	-	7,074	-	7,719
Net exchange differences - Cost	-	-	6	15	-	-	-	21
Net exchange differences - Accumulated depreciation	-	-	(4)	(14)	-	-	-	(18)
December 31	$ 1,273,264	$ 1,665,203	$ 13,536	$ 1,055	$ 4,001	$ 22,317	$ 136,711	$ 3,116,087
December 31, 2020								
Cost	$ 1,840, 184	$ 2,938,927	$ 28,540	$ 3,675	$ 10,391	$ 39,856	$ 136,711	$ 4,998,284
Accumulated depreciation	(566,920)	(1,273,724)	(15,004)	(2,620)	(6,390)	(17,539)	-	(1,882,197)
	$ 1,273,264	$ 1,665,203	$ 13,536	$ 1,055	$ 4,001	$ 22,317	$ 136,711	$ 3,116,087

	Buildings and structures (including land)	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Mold equipment	Other equipment	Leased assets	Unfinished construction and equipment under acceptance	Total
January 1, 2019										
Cost	$ 1,543,908	$ 2,217,354	$ 28,424	$ 4,292	$ 28,161	$ 5,087	$ 24,578	$ 9,537	$ 15,345	$ 3,876,686
Accumulated depreciation and impairments	(1,003,788)	(1,840,719)	(14,694)	(3,029)	(23,515)	(3,148)	(18,026)	(3,204)	-	(2,910,123)
	$ 540,120	$ 376,635	$ 13,730	$ 1,263	$ 4,646	$ 1,939	$ 6,552	$ 6,333	$ 15,345	$ 966,563
January 1, 2019	$ 540,120	$ 376,635	$ 13,730	$ 1,263	$ 4,646	$ 1,939	$ 6,552	$ 6,333	$ 15,345	$ 966,563
Add - Cost	22,080	390,338	1,145	-	-	570	21,067	-	243,564	678,764
Disposals - Cost	(509,460)	(796,857)	(5,788)	-	-	-	-	-	-	(1,312,105)
Disposal - Accumulated depreciation	506,980	796,857	5,788	-	-	-	-	-	-	1,309,625
Depreciation	(38,533)	(178,298)	(4,699)	(365)	(604)	(3,368)	(12,376)	-	-	(238,243)
Reclassification - Cost	(39,704)	(28,279)	-	-	-	-	-	(9,537)	(5,265)	(82,785)
Reclassification - Accumulated depreciation	4,641	6,060	-	-	-	-	-	3,204	-	13,905
Consolidated transfer in	-	212,999	-	-	-	5,130	18,387	-	-	236,516
Consolidated standalone entities reduce the number of transfer out - Cost	(3,480)	(227,855)	(2,256)	(1,167)	(28,161)	(5,087)	(11,941)	-	-	(279,947)
Consolidated standalone entities reduce the number of transfer out - Accumulated depreciation	795	146,348	2,217	1,167	24,119	3,556	11,123			189,325
Consolidated standalone entities reduce the number of transfer out - Impairment		65,308								65,308
Net exchange differences - Cost	-	-	(16)	(35)	-	-	-	-	-	(51)
Net exchange differences - Accumulated depreciation	-	-	11	33	-	-	-	-	-	44
December 31	$ 483,439	$ 763,256	$ 10,132	$ 896	$ -	$ 2,740	$ 32,812	$ -	$ 253,644	$ 1,546,919
December 31, 2019										
Cost	$ 1,013,344	$ 1,767,700	$ 21,509	$ 3,090	$ -	$ 5,700	$ 52,091	$ -	$ 253,644	$ 3,117,078
Accumulated depreciation and impairments	(529,905)	(1,004,444)	(11,377)	(2,194)	-	(2,960)	(19,279)	-	-	(1,570,159)
	$ 483,439	$ 763,256	$ 10,132	$ 896	$ -	$ 2,740	$ 32,812	$ -	$ 253,644	$ 1,546,919

1. The capitalized borrowing costs for property, plant and equipment and their interest rates are as follows:

	2020		2019	
Capitalized amount	$	2,364	$	943
Range of capitalized interest	1.797%		1.797%	

2. The major components of the Group's houses and buildings include land, buildings and factory renovation projects. Except for land, they are depreciated for 3 to 56 years.

3. Information on property, plant and equipment pledged to others as collateral is provided in Note 8.

4. The abovementioned property, plant and equipment of the Group are for self-use.

(IX) Leasing arrangements - lessee

1. The underlying assets leased by the Group include land, buildings, machine equipment and company vehicles. Leasing contracts are typically made for periods of 3 to 20 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.

2. The lease periods of other equipment leased by the Group did not exceed 12 months and the leased underlying assets were other equipment of low value.

3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020		December 31, 2019	
	Book value		Book value	
Land	$	390,879	$	313,911
Buildings and structures		107,547		109,918
Machinery and equipment		6,060		-
Transportation equipment (company vehicles)		3,981		3,900
	$	508,467	$	427,729

	2020		2019	
	Depreciation		Depreciation	
Land	$	12,341	$	11,564
Buildings and structures		33,598		22,952
Machinery and equipment		-		2,693
Transportation equipment (company vehicles)		4,118		3,339
	$	50,057	$	40,548

4. For 2020 and 2019, the increases of right-of-use assets were $135,138 and $69,292, respectively. The decreases of right-of-use assets of the Group in 2020 and 2019 were $1,211 and $826, respectively. Due to the transfer in of consolidated entities to the Group, the right-of-use assets in 2020 increased by $6,060. Due to the transfer in and out of consolidated entities of the Group, the increase and decrease of right-of-use assets in 2019 were $60,772 and $19,525, respectively.

5. The information on profit or loss items related to lease contracts is as follows:

	2020	2019
Items affecting current profit and loss		
Interest expenses on lease liabilities	$ 4,913	$ 4,118
Expenses for short-term lease contracts	7,088	181
Lease of low-value assets	220	600

6. The Group's total cash outflow on leases for 2020 and 2019 was $72,603 and $42,056, respectively.

7. Options to extend or terminate leases

   In determining lease terms, the Corporate Group takes into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate.

(X) Leasing arrangements - lessor

1. The Corporate Group leases out assets such buildings. The lease contracts are typically made for periods of 1 to 2 years. The terms of lease contracts are negotiated separately and include various terms and conditions. In order to preserve the condition of leased assets, the Group usually requires lessees not to pledge the underlying leased assets.

2. The Group recognized rental income of $17,485 and $10,211 based on operating lease contracts in 2020 and 2019, respectively, and none of the lease contracts were variable lease payments.

3. The maturity analysis of the undiscounted lease payments under the operating leases is as follows:

	December 31, 2020	December 31, 2019
2020	$ -	$ 2,043
2021	46,446	-
2022	32,833	-
2023	24,900	-
	$ 104,179	$ 2,043

(XI) Real estate investment

	Buildings and structures
January 1, 2020	
Cost	$ 44,007
Accumulated depreciation	(5,320)
	$ 38,687
2020	
January 1	$ 38,687
Reclassification - Cost	275,550
Reclassification - Accumulated depreciation	(459)
Depreciation	(679)
December 31	$ 313,099
December 31, 2020	
Cost	$ 319,557
Accumulated depreciation	(6,458)
	$ 313,099

	Buildings and structures
January 1, 2019	
Cost	$ -
Accumulated depreciation	-
	$ -
2019	
January 1	$ -
Reclassification - Cost	44,007
Reclassification - Accumulated depreciation	(4,641)
Depreciation	(679)
December 31	$ 38,687
December 31, 2019	
Cost	$ 44,007
Accumulated depreciation	(5,320)
	$ 38,687

1. Rental income and direct operating expenses of investment real estate:

	2020	2019
Rental income from investment property	$ 2,229	$ 2,229
Direct operating expenses incurred by investment property that generates rental income for the period	$ 758	$ 758

2. The fair value of the investment property held by the Corporate Group as of December 31, 2020 and 2019 were $314,845 and $33,203, respectively. jThey were valuated using the income method and were of Level 3 fair value, and the major assumptions are as follows:

	December 31, 2020	December 31, 2019
Discount rate	5.03%	6.34%
Annual rent (net income)	$ 31,778	$ 2,245
Number of years	2~20	2

3. No capitalization of interest for investment property in 2020 and 2019.
4. As of December 31, 2020 and 2019, the investment properties had been used as collaterals.

(XII) Short Term Loans

Type of borrowings	December 31, 2020	Range of interest rate	Collateral
Bank borrowings			
Credit loan	$ 1,660,118	0.90%~2.60%	None
Secured borrowings	571,000	1.05%~2.25%	Certificates of deposit, reserve accounts, stocks of listed and OTC companies and investment properties.
Funds borrowed to purchase materials	67,600	0.89%~1.06%	None
	$ 2,298,718		

Type of borrowings	December 31, 2019	Range of interest rate	Collateral
Bank borrowings			
Credit loan	$ 758,000	1.05%~2.60%	None
Secured borrowings	30,000	1.13%~2.03%	Certificate of deposit, reserve accounts
Funds borrowed to purchase materials	16,938	1.27%~3.02%	None
	$ 804,938		

The interest expenses recognized in profit and loss in 2020 and 2019 were $15,849 and $11,291, respectively.

(XIII) Other Payables

	December 31, 2020	December 31, 2019
Payroll and bonus payable	$ 42,582	$ 34,380
Remunerations payable to employees and directors	113,311	79,422
Payable on equipment	53,809	103,845
Machine maintenance payable	31,851	28,355
Others	195,427	166,510
	$ 436,980	$ 412,512

(XIV) Long-term Loans

Type of borrowings	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2020
Long-term bank borrowings				
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between 2017/09/27 and 2022/09/27.	1.797%~2.64%	Houses and buildings, machine and other equipment and reserve account (Note)	$ 882,083
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between 2020/11/09 and 2022/08/14.	1.070%	Buildings and structures	850,000
				-
				1,732,083
Less: Long-term borrowings (including current portion)				(96,211)
(recognized in other current				$1,635,872

liabilities)

Type of borrowings	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2019
Long-term bank borrowings				
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between 2015/03/11 and 2022/09/27.	1.797%~2.74%	Houses and buildings, machine and other equipment and reserve account (Note)	$ 421,616
Credit loan	Repaid in instalments and different amounts according to the agreed period between 2019/12/20 and 2022/08/12.	1.658%	None	30,000
				-
				451,616
Less: Long-term borrowings (including current portion)				(12,532)
(recognized in other current liabilities)				$ 439,084

With respect to the long-term loan contracts of the Group that expire between December 20, 2019 to August 12, 2022, the Group had already settled the loan in advance in March 2022 due to financial planning considerations.

Note: According to the loan contract provisions of some banks, the Group shall maintain a specific debt-to-equity ratio and interest solvency every six months during the loan duration.

(XV) Pensions

1. (1) The Company and its domestic subsidiaries operate a defined benefit pension plan in accordance with the Labor Standards Act, which cover all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contribute a monthly amount equal to 2% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension

reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by the end of next March.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 23,846)	($ 26,873)
Fair value of plan assets	5,723	6,562
Defined Benefit Liabilities	($ 18,123)	($ 20,311)

(3) Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Defined Benefit Liabilities
2020			
Balance on January 1	($ 26,873)	$ 6,562	($ 20,311)
Current service cost	(123)	-	(123)
Interest (expense) income	(215)	62	(153)
	(27,211)	6,624	(20,587)
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	240	240
Change in financial assumptions	(1,387)	-	(1,387)
Change in demographic assumptions	(277)	-	(277)
Experience	1,848		1,848

adjustments	184	- 240	424
Pension fund contribution	-	2,040	2,040
Paid pension	3,181	(3,181)	-
Balance on December 31	($ 23,846)	$ 5,723	($ 18,123)

	Present value of defined benefit obligations	Fair value of plan assets	Defined Benefit Liabilities
2019			
Balance on January 1	($ 41,564)	$ 29,020	($ 12,544)
Current service cost	(130)	-	(130)
Interest (expense) income	(342)	99	(243)
	(42,036)	29,119	(12,917)
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	269	269
Change in financial assumptions	(1,125)	-	(1,125)
Change in demographic assumptions	(225)	-	(225)
Experience adjustments	2,608	-	2,608
	1,258	269	1,527
Pension fund contribution	-	441	441
Paid pension	2,756	(2,756)	-

Consolidated standalone entities reduce the number of transfer out	11,149	(20,511)	(9,362)
Balance on December 31	($ 26,873)	$ 6,562	($ 20,311)

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than the aforementioned rates, government shall make payments for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating the fund and hence the Company is unable to disclose the classification of fair value of plan asset in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	2020	2019
Discount rate	0.35%	0.80%
Future salary increases	2.125%~2.50%	2.125%~2.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the published statistics and experience of various countries.

Because the main actuarial assumption changes, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
December 31, 2020				

Effect on present value of defined benefit obligation December 31, 2019	($ 778)	$ 811	$ 779	($ 751)
Effect on present value of defined benefit obligation	($ 873)	$ 911	$ 878	($ 847)

The sensitivity analysis above analyzes the impact from changing one of the assumptions while others remain constant. In practice, more than one assumption may change all at once. The sensitivity analysis is the same with the method used to calculate the net pension liabilities of the balance sheet.

(6) The expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 are $2,187.

(7) As of December 31, 2020, the weighted average duration of the retirement plan is 14 years.

2. (1) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (hereinafter referred to as the "New Plan") under the Labor Pension Act (hereinafter referred to as the "Act"), covering all regular employees with domestic citizenship. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(3) For 2020 and 2019, the pension costs recognized by the Corporate Group in accordance with the abovementioned pension measures were $18,833 and $25,433, respectively.

(XVI) Capital

1. As of December 31, 2020, the Company's authorized capital was $5,000,000, consisting of 500,000 thousand shares (including 20,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was $2,527,136 with a par value of NT$10. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

Unit: Thousand shares

	2020	2019
January 1	198,400	195,632
Treasury stocks transfer to employees	17,232	2,768
Treasury Stock Buyback	(10,000)	-
December 31	205,632	198,400

2. Treasury stock

(1) Reasons for repurchase of shares and changes in the quantity:

		December 31, 2020	
Company name of the shareholding	Reasons for buyback	Number of shares (thousand)	Book value
Subsidiary: Youe Chung Capital Corporation	Subsidiary holds the company's stock	37,081	$ 527,678
The Company	Transfer shares to employees	10,000	306,920
		47,081	$ 834,598

		December 31, 2019	
Company name of the shareholding	Reasons for buyback	Number of shares (thousand)	Book value
Subsidiary: Youe Chung Capital Corporation	Subsidiary holds the company's stock	37,081	$ 527,678
The Company	Transfer shares to employees	17,232	307,654
		54,313	$ 835,332

(2) The Company bought back a total of 20,000 thousand shares of treasury stocks in Q3 2017, with a book value of N$17.85 per share, of which 2,768 thousand shares and 17,232 thousand shares were issued in the Q1 of 2019 and 2020, respectively. The employee immediately obtains the shares on the same day, and the transfer of related treasury stocks has been completed.

(3) Remuneration costs related to the transfer of treasury stocks of the Group in 2020 and 2019 were $88,273 and $109,628, respectively.

(4) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.

(5) The shares bought back by the Company in accordance with the Securities and Exchange Act shall not be pledged. Before transfer, shareholders are not entitled to the shareholders' rights.

(6) According to the provisions of the Securities and Exchange Act, the share repurchased to be transferred to employees shall be transferred within three years from the date of the purchase. If the transfer is not made within the time limit, the shares are deemed as unissued shares, and change of registration shall be made to cancel the shares. In order to maintain the Company’s credit and shareholders equity, the shares bought back should have the registration changed to cancel the shares within six months from the

date of the purchase.

(7) The Company's stock held by the subsidiary Youe Chung Capital is treated as treasury stock. As of December 31, 2020 and 2019, Youe Chung Capital held 37,081 thousand shares of the Company. The average book value per share was NT$14.23, and the fair value per share was NT$40.35 and NT$34.45, respectively. The cost of transferring treasury stocks is calculated based on the book value of the Company's stock held by Youe Chung Capital and the Company's indirect shareholding during each period.

(8) The Ccompany was approved by the board of directors on August 5, 2020, to buy back 10,000 thousand shares of the Company in the centralized trading market and transfer them to employees, and the number of shares repurchased accounted for 3.96% of the total issued shares. The buy-back was completed and executed between August 6 and September 30, 2020.

(XVII) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient. The following is a breakdown of the capital reserve:

	Trading of treasury stock	Changes in ownership interests in subsidiaries recognized	Employee stock options	Equity changes in affiliates	Others	Total
January 1, 2020	$ 187,873	$ 27,255	$ 98,152	$ 9,181	$ 316	$322,777
Adjustment of capital reserve by dividends paid to subsidiaries	37,081	-	-	-	-	37,081
Changes in shares of affiliates recognized under the equity method	-	(21,158)	-	9,359	-	(11,799)
Share-based payment transaction	186,425	-	(98,152)	-	-	88,273
Unclaimed dividends of shareholders	-	-	-	-	3,566	3,566
December 31, 2020	$ 411,379	$ 6,097	$ -	$ 18,540	$3,882	$439,898

	Trading of treasury stock	Changes in ownership interests in subsidiaries recognized	Employee stock options	Equity changes in affiliates	Others	Total
January 1, 2019	$145,471	$ 16,904	$7,056	$ -	$ -	$169,431

Adjustment of capital reserve by dividends paid to subsidiaries	30,926	-	-	-	-	30,926
Difference between actual acquisition price and carrying value of equity in subsidiaries	-	(5,333)	-	-	-	(5,333)
Changes in shares of affiliates recognized under the equity method	-	15,684	(7,056)	9,181	-	17,809
Share-based payment transaction	11,476	-	98,152	-	-	109,628
Unclaimed dividends of shareholders	-	-	-	-	316	316
December 31, 2019	$187,873	$ 27,255	$ 98,152	$ 9,181	$ 316	$322,777

(XVIII) Retained earnings

1. According to the Articles of Incorporation, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.
2. The Company takes into account the overall business environment, industrial growth, and the Company's long-term financial planning for stable operation and development to adopt a residual dividend policy, which is mainly based on the Company's future capital budgeting plan to measure the annual capital needs. After using the retained earnings for funding, the remaining surplus will be distributed in the form of dividends, and the distribution steps are shown as follows:

   (1) Decide on the best capital budgeting.

   (2) Decide on the financing required for one of the capital budgeting items.

   (3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).

   (4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.
3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. The Company's board of directors resolved on March 15, 2021 to distribute a cash dividend of NT$1.50 per ordinary share from the 2020 surpluses, with a total dividend of $359,570.The proposal is yet to be resolved by the shareholders' meeting.
6. The Company's shareholders meeting resolved on June 10, 2020 to distribute a cash dividend of NT$1.07 per ordinary share from the 2019 surpluses, with a total dividend of $252,714.
7. The Company's shareholders meeting resolved on June 11, 2019 to distribute a cash dividend of NT$0.834 per ordinary share from the 2018 surpluses, with a total dividend of $194,083.

(XIX) Other equity interests

	2020		
	Unrealized gains and losses	Foreign currency translation	Total
January 1	($ 2,666)	$ 794	($ 1,872)
Difference in foreign currency translation:			
- Group	-	2,761	2,761
December 31	($ 2,666)	$ 3,555	$ 889

	2019		
	Unrealized gains and losses	Foreign currency translation	Total
January 1	$ -	$ 7,853	$ 7,853
Valuation adjustment			
- Group	(2,666)	-	(2,666)
Difference in foreign currency translation:			
- Group	-	(7,059)	(7,059)
December 31	($ 2,666)	$ 794	($ 1,872)

(XX) Operating revenue

	2020	2019
Revenue from contracts with customers	$ 4,666,756	$ 3,468,682

1. Segmentation of revenue from contracts with customers

The Corporate Group derives its revenue from the transfer of goods and services either over time or at a point in time. The revenue can be divided into the following main product lines:

2020	Photomask and semiconductor segment	Medical segment	Total
Revenue from contracts with external customers	$ 4,666,756	$ -	$ 4,666,756
Cut-off point of income recognition			
Income recognized at a particular point in time	$ 4,289,007	$ -	$ 4,289,007
Income recognized gradually over time	377,749	-	377,749
	$ 4,666,756	$ -	$ 4,666,756

2019	Photomask and semiconductor segment	Medical segment	Total
Segment revenue	$ 3,579,419	$ 67,606	$ 3,647,025
Revenue from internal transactions	(157,049)	(21,294)	(178,343)
Revenue from contracts with external customers	$ 3,422,370	$ 46,312	$ 3,468,682
Cut-off point of income recognition			
Income recognized at a particular point in time	$ 3,163,174	$ 46,312	$ 3,209,486
Income recognized gradually over time	259,196	-	259,196
	$ 3,422,370	$ 46,312	$ 3,468,682

2. Contract Liabilities

(1) Contract liabilities related to contracts with customers recognized by the Corporate Group:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract Assets	$ 93,809	$ 18,121	$ -
Contract Liabilities	$ 99,418	$ 39,856	$ 58,701

(2) Contract liabilities at the beginning of the period recognized as revenue of the period

	2020	2019
Opening balance of contract liabilities recognized in the current period (including other income transferred)	$ 38,619	$ 43,049

(XXI) Interest income

	2020	2019
Interest from bank deposits	$ 3,323	$ 5,662
Interest income from financial assets measured at amortized cost	138	364
Other interest incomes	1,365	3,244
	$ 4,826	$ 9,270

(XXII) Other Incomes

	2020	2019
Rental income	$ 25,925	$ 9,374
Dividend income	25,128	25,755
Other income -- Others	7,705	15,235
	$ 58,758	$ 50,364

(XXIII) Other Gains and Losses

	2020	2019
Disposal of interests in property, plant and equipment	$ 1	$ 1,916
Gain (loss) on disposal of investments	74,561	22,121
Gain on lease modifications	2,486	-
Losses from exchange	(9,801)	(8,287)
Gain on financial assets at fair value through profit or loss	450,106	354,635
Impairment Loss of Financial Assets	(165,253)	-
Other losses -- Depreciation of investment properties	(679)	(679)
Other Gains and Losses	9,415	(768)
	$ 360,836	$ 368,938

(XXIV) Financial Costs

	2020	2019
Interest Incomes	$ 35,390	$ 16,792
Less: Amount of capitalization of qualifying assets	(2,364)	(943)
	$ 33,026	$ 15,849

(XXV) Expenses by nature

	2020	2019
Employee benefits expenditure	$ 640,329	$ 658,368
Depreciation	379,560	279,470

Amortization	7,395	7,779

(XXVI) Employee benefits expenditure

	2020	2019
Payroll expenses	$ 477,522	$ 464,334
Employee stock options	88,273	109,628
Labor and health insurance fees	35,185	37,534
Pension expense	19,109	25,806
Other personnel expenses	20,240	21,066
	$ 640,329	$ 658,368

1. According to the Articles of Incorporation, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any.
2. For 2020 and 2019, employees' remuneration was accrued at $85,723 and 53,404, respectively, and director remunerations was accrued at $16,969 and $10,522, respectively. The abovementioned amounts were listed as payroll expenses.

   The employee remuneration and director remuneration were estimated and accrued based on 10% and 1.9% of profit of current year distributable for the year ended December 31, 2020, respectively.

   The employee remuneration and director remuneration resolved by the Board of Directors for 2019 were $55,000 and $10,000, respectively, which were different from $53,404 and $10,522 recognized in the 2018 financial report by $1,596 and ($522). This is mainly due to changes in estimates which have been adjusted to the income of 2020.

   Information about employees remuneration and director remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System".

(XXVII) Income tax

1. Income tax expense

Components of income tax expense:

	2020	2019
Current tax:		
Current tax on profits for the year	$ 120,400	$ 46,886
Additional surtax on undistributed earnings	-	1
Over provision of prior year's income tax	-	601
Total current tax	120,400	47,488
Deferred income tax:		
Origination and reversal of temporary differences	23,834	15,089
Total deferred income tax	23,834	15,089

Income Tax Expense	$ 144,234	$ 62,577

2. Reconciliation between income tax expense and accounting profit

	2020	2019
Tax calculated based on profit before tax and statutory tax rate	$ 314,691	$ 228,289
Fees (benefit) excluded according to the tax law	(263,499)	(206,327)
Temporary difference of unrecognized deferred income tax assets	2,070	-
Tax loss of unrecognized deferred income tax assets	59,331	19,027
Impact tax deductibles of investment	-	(3,084)
Changes in assessment of realizability of deferred income tax assets	31,641	24,070
Over provision of prior year's income tax	-	601
Additional surtax on undistributed earnings	-	1
Income Tax Expense	$ 144,234	$ 62,577

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2020			
	January 1	Consolidated transfer in	Recognized in profit or loss	December 31
Deferred income tax assets:				
- Temporary differences:				
Loss on inventory	$ 3,746	$ -	($ 3,352)	$ 394
Unrealized exchange loss	1,333	-	605	1,938
Subtotal	$ 5,079	$ -	($ 2,747)	$ 2,332
Deferred income tax liabilities:				
- Temporary differences:				
Unrealized gain on exchange	(721)	-	434	(287)
Long-term investments	(31,460)	-	(21,521)	(52,981)
Subtotal	(32,181)	-	(21,087)	(53,268)
Total	($ 27,102)	$ -	($ 23,834)	($ 50,936)

	2019			
	January 1	Consolidated transfer in	Recognized in profit or loss	December 31
Deferred income tax assets:				
- Temporary differences:				
Loss on inventory	$ 4,587	$ -	($ 841)	$ 3,746
Unrealized exchange loss	6	-	1,327	1,333
Others	645	-	(645)	-
Subtotal	$ 5,238	$ -	($ 159)	$ 5,079
Deferred income tax liabilities:				
- Temporary differences:				
Unrealized gain on exchange	(899)	-	178	(721)
Long-term investments	(16,290)	(62)	(15,108)	(31,460)
Subtotal	(17,189)	(62)	(14,930)	(32,181)
Total	($ 11,951)	($ 62)	($ 15,089)	($ 27,102)

4. Deductible temporary difference not recognized as deferred income tax assets

	December 31, 2020	December 31, 2019
Deductible temporary difference	$ 349,735	$ 339,383

5. The Company's income tax returns through 2018 have been assessed and approved by the tax authority.

(XXVIII) Earnings per share

	2020		
	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (in dollars)
Earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 683,897	204,801	$ 3.34
Diluted Earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 683,897	204,801	
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	2,599	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	$ 683,897	207,400	$ 3.30

	2019		
	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (in dollars)
Earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 431,254	196,474	$ 2.19
Diluted Earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 431,254	196,474	
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,765	

Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	$ 431,254	198,239	$ 2.18

The weighted average number of shares outstanding in 2020 and 2019 has deducted the number of shares held by the subsidiary company Youe Chung Capital deemed as the Company's treasury stock (the number of shares is based on the Company's shareholding).

(XXIX) Business combination

1. The Group originally held 16.21% of Innova Vision. On December 15, 2020, Youe Chung Capital Corporation signed a share purchase with other original shareholders of Innova Vision to acquire another 8,795,795 shares, increasing the Group's shareholding to 60.02%. On December 16, 2020, Innova Vision held elections for all directors at its extraordinary general meeting. The Company's subsidiary Youe Chung Capital won all the director seats, obtaining substantial control of this company. Therefore, it is included in consolidated financial statements as a consolidated entity from that date.

(1). The information on the fair value of the acquired assets and assumed liabilities on the acquisition date and the share of non-controlling interests in the acquiree's identifiable net assets for the acquisition of Innova Vision is shown as follows:

	December 16, 2020
The fair value of the previously held equity of Innova Vision at the acquisition date	$ 648
Payment to acquire the equity of Innova Vision again	1,759
Share of non-controlling interests in the identifiable net assets of the acquiree	(58,278)
	(55,871)
Fair value of acquired identifiable assets and assumed liabilities	
Cash	12,100
Accounts Receivables	21,213
Other Receivables	2,486
Inventories	12,345
Prepayments	1,804
Other Current Assets	1,688
Property, plant and equipment	20,390
Right-of-use Asset	6,060
Intangible assets	268
Other Non-Current Assets	8,805
Contract Liabilities	(5,235)
Accounts Payable	(23,183)
Other Payables	(191,573)

Provisions	(12,917)
Other Current Liabilities	(258)
Deferred Income Tax	(289)
Other Non-Current Liabilities	(67)
Total identifiable net assets	(146,363)
Goodwill	$ 90,492

(2) The assessment of the fair value of acquired identifiable assets and assumed liabilities is in progress. At present, it is recorded at the initial valuation, and the relevant acquisition price allocation will be completed within one year.

(3) Since the acquisition of Innova Vision in December 16, 2020, the contribution to operating income and profit before tax have both been $0. Assuming that Innova Vision has been included in the consolidated reports since January 1, 2020, the operating income and profit before tax of the Group are $4,757,757 and $361,021, respectively.

2. The Group has a 29.55% shareholding of Aptos Technology. On June 28, 2019, Aptos Technology INC. held elections for all directors at its shareholders meeting. The Company's subsidiary Youe Chung Capital Corporation won more than half of the director seats obtaining actual control of this company. Therefore, it is included in consolidated financial statements as a consolidated entity from that date.

(1). The information on the fair value of the acquired assets and assumed liabilities on the acquisition date and the share of non-controlling interests in the acquiree's identifiable net assets for the acquisition of Aptos Technology is shown as follows:

	June 28, 2019
The fair value of the previously held equity of Aptos Technology at the acquisition date	$ 63,427
Share of non-controlling interests in the identifiable net assets of the acquiree	188,826
	252,253
Fair value of acquired identifiable assets and assumed liabilities	
Cash	86,656
Financial assets at fair value through profit and loss	514
Financial assets at amortized cost - Current	24,638
Contract Asset - Current	15,503
Accounts Receivables	72,998
Other Receivables	1,235
Tax Assets	144
Inventories	35,257
Other Current Assets	6,899
Financial assets measured at fair value through other comprehensive income - Non Current	199
Financial Assets at Amortized Cost - Non Current	4,517
Property, plant and equipment	236,516
Right-of-use Asset	60,772
Intangible assets	7,832
Prepayments for equipment	1,233

Refundable deposit	4,860
Bank borrowings	(131,288)
Contract Liabilities	(7,138)
Notes Payable	(66)
Accounts Payable	(56,475)
Other Payables	(33,370)
Lease Liability - Current	(20,506)
Other Current Liabilities	(2,209)
Long-term liabilities due within one year or one business cycle	(10,563)
Long-term Loans	(4,670)
Deferred Income Tax	(62)
Lease liability - Non Current	(40,273)
Guarantee Deposits Received	(900)
Total identifiable net assets	$ 252,253

(2) The fair values of the identifiable property, plant and equipment and intangible assets obtained were $236,516 and $7,832, respectively.

(3) Since the acquisition of Aptos Technology in June 28, 2019, the contribution to operating income and profit before tax have both been $259,196 and ($98,877), respectively. Assuming that Aptos Technology has been included in the consolidated reports since January 1, 2019, the operating income and profit before tax of the Group are $3,739,553 and $318,471, respectively.

(XXX) Supplemental cash flow information

1. Investing activities with partial cash payments:

	2020	2019
Purchase of property, plant and equipment	$ 2,160,033	$ 678,764
Add: Opening balance of payable on equipment	103,845	75,777
Prepayments for equipment at the end of the period	5,608	186,606
Less: Prepayments for equipment at the beginning of the period	(186,606)	(133,635)
Ending balance of payable on equipment	(53,809)	(103,845)
Cash paid during the year	$ 2,029,071	$ 703,667

2. The Group's subsidiary Weida Hi-Tech Company conducted cash capital increase separately on April 10, 2020 and May 15, 2020. The Group did not keep up with the subscription for shareholding, which caused the shareholding to drop to 36.70%. Weida Hi-Tech Company then held an extraordinary general meeting of shareholders on June 2, 2020 to elect new directors. The Company won one seat of director and lost the control of the Weida (Please see

Note 4, (3) 2 and Note 3) for the relevant assets and liabilities of the subsidiary:

		June 2, 2020
Carrying amount of assets and liabilities of Weida Hi-Tech Company		
Cash	$	43,089
Accounts Receivables		41,607
Tax Assets		16
Inventories		33,705
Prepayments		10,783
Other Current Assets		1,856
Property, plant and equipment		6,656
Intangible assets		9,817
Refundable deposit		258
Contract Liabilities	(	2,432)
Accounts Payable	(	20,446)
Other Payables	(	11,818)
Other Current Liabilities	(	1,067)
Total net assets	$	112,024

3. On May 3, 2019, the Group's subsidiary Innova Vision conducted cash capital increase. The group did not subscribe in accordance with the shareholding percentage, and lost control of the subsidiary. The information on the related assets and liabilities of the subsidiary is as follows:

		May 3, 2019
Carrying amount of assets and liabilities of Innova Vision		
Cash	$	25,037
Notes Receivables		36
Accounts Receivables		29,328
Other Receivables		20
Inventories		159,656
Prepayments		2,774
Other Current Assets		1,125
Property, plant and equipment		25,314
Right-of-use Asset		19,525
Intangible assets		558
Other Non-Current Assets		22,194
Contract Liabilities	(	7,443)
Notes Payable	(	53)
Accounts Payable	(	17,598)
Other Payables	(	41,068)
Other Payables- related Parties	(	168,177)
Lease Liability - Current	(	6,139)

Other Current Liabilities	(40,781)
Lease liability - Non Current	(2,691)
Guarantee Deposits Received	(67)
Total net assets	$ 1,550

(XXXI) Changes in liabilities arising from financing activities

	Short Term Loans	Long-term Loans (Mature within one year)	Lease liabilities	Guarantee Deposits Received	Total liabilities arising from financing activities
January 1, 2020	$ 804,938	$ 451,616	$431,391	$ 1,544	$ 1,689,489
Change in cash flow from financing activities	1,493,780	1,280,467	(60,382)	3,585	2,717,450
Interest Incomes	-	-	4,913	-	4,913
Interest Paid	-	-	(4,913)	-	(4,913)
Other non-cash transactions	-	-	135,917	-	135,917
December 31, 2020	$ 2,298,718	$ 1,732,083	$506,926	$ 5,129	$ 4,542,856

	Short Term Loans	Long-term Loans (Mature within one year)	Lease liabilities	Guarantee Deposits Received	Total liabilities arising from financing activities
January 1, 2019	$ 591,000	$ -	$348,133	$ 3,223	$ 942,356
Change in cash flow from financing activities	82,650	436,383	(37,157)	(2,512)	479,364
Change in obtaining control of the subsidiary	131,288	15,233	60,779	900	208,200
Change in losing control of the subsidiary	-	-	(8,830)	(67)	(8,897)
Interest Incomes	-	-	4,118	-	4,118
Interest Paid	-	-	(4,118)	-	(4,118)
Other non-cash transactions	-	-	68,466	-	68,466
December 31, 2019	$ 804,938	$ 451,616	$431,391	$ 1,544	$ 1,689,489

Related-Party Transactions

(I) Related parties' names and relationship

Name of the related parties	Relationship with the Group
Innova Vision	The Company is a director of the company (Note 1)
AdVanced Silicon SA	The chairman of the Company's subsidiary is a director of the company (Note 2)
Powerchip Semiconductor Manufacturing Corp.	The Company's chairman is the vice chairman of the company.
Image Match Design Inc.	The Company's subsidiary is a director of the company
Weida Hi-Tech Company	The Company is a director of that company
Xsense Technology Corporation	Investment by the company by using the equity method.

Note 1: The Group's shareholding of Innova Vision has dropped to 17.81% in May 2019, thus losing control of and significant influence on the company, but still held its board seats. On June 18, 2020, the Company resigned as a legal entity director of Innova Vision, and is no longer a related party of that company.

On December 16, 2020, Innova Vision held elections for all directors at its extraordinary general meeting. The Company's subsidiary Youe Chung Capital Corporation won all the director seats, obtaining substantial control of this company. Therefore, it has been included as a consolidated entity from that date.

Note 2: The Company's shareholding of Weida Hi-Tech has dropped to 36.70% in May 2020, and there are changes to the number of board seats, thus losing control of the company. Since then, Weida Hi-Tech is no longer a subsidiary of the Company, but is still the Group's related party.

(II) Significant transactions with the related parties

1. Operating revenue

	2020	2019
Product sales:		
Other related party	$ 32,025	$ 44,002

There are no major abnormalities in the transaction prices and payment terms of the related party compared to that of non-related parties.

2. Account receivable from related parties

	December 31, 2020	December 31, 2019
Accounts Receivables:		
Other related party	$ 6,599	$ 1,568
Other receivables:		

Innova Vision	-	25,568
Xsense Technology Corporation	3,068	-
Subtotal	3,068	25,568
Total	$ 9,667	$ 27,136

3. Account payble from related parties

	December 31, 2020	December 31, 2019
Other Payables:		
Other related party	$ -	$ 1,432

4. Loans to related parties (recognized as "Other accounts receivable -- related parties")

Loans to related parties

(1) Balance at the end of period:

	December 31, 2020	December 31, 2019
Innova Vision	$ -	$ 180,000

(2) Income from interests

	2020	2019
Innova Vision	$ 1,081	$ 3,179

The loans to affiliated companies are to be repaid within one year. The interests in 2020 and 2019 were charged at an annual interest rate of 2%~2.616% and 2.616%, respectively.

(III) Compensation of key management personnel

	2020	2019
Salary and short-term employee benefits	$ 24,673	$ 21,941
Post-employment benefits	3,301	-
Other long-term employee benefits	11,885	-
Share-based payment to employees	5,200	240
Total	$ 45,059	$ 22,181

Pledge assets

Assets pledged by the Corporate Group as collateral are as follows:

	Book value		
Assets	December 31, 2020	December 31, 2019	Purpose

Demand deposit (Recognized as "Financial assets at amortized cost")	$ 11,111	$ 3,004	Reserve accounts for long- and short-term borrowings
Time deposit (Recognized as "Financial assets at amortized cost")	41,236	54,254	Short-term loans and guarantees for goods out of the free zone
Stocks of publicly traded and OTC companies (recognized as "Financial assets at fair value through profit or loss")	1,249,775	-	Short Term Loans
Buildings and structures (including land)	953,601	198,314	Long-term Loans
Machinery and equipment and equipment under acceptance	1,146,700	591,999	Long- and short-term borrowings
Real estate investment	313,099	-	Long- and short-term borrowings
Other equipment	1,615	4,491	Long- and short-term borrowings
	$ 3,717,137	$ 852,062	

Material contingent liabilities and unrecognized contractual commitments

(I) Contingencies

Not applicable.

(II) Commitments

1. Machine equipment maintenance contracts that have been signed but not yet paid

	December 31, 2020	December 31, 2019
Machine maintenance	$ 31,851	$ 28,355

2. Capital expenditures that have been signed but not yet incurred

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 153,985	$ 44,063

3. Lease agreement

Please see Note 6 (9) and (10)

Losses due to major disasters

Not applicable.

Major Events after Financial Statement Date

The resolution of the Company's board on March 15, 2021 passed the appropriation of earnings. The proposal has yet to be resolved by the shareholders meeting. Please refer to Note 6 (18) for details.

Others

(I) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The Group's strategy in 2020 was to borrow long-term loans to purchase new factories, which was different from that in 2019. For the years ended December 31, 2020 and 2019, the debt-to-capital ratios were as follows:

	December 31, 2020	December 31, 2019
Total borrowings	$ 4,030,801	$ 1,256,554
Less: Cash and cash equivalents	(1,036,658)	(946,517)
Net debt	2,994,143	310,037

Total equity	3,416,690	3,121,458
Total capital	$ 6,410,833	$ 3,431,495
Debt-to-equity ratio	46.70%	9.04%

Financial instruments

1. Types of financial instrument

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit and loss		
Mandatory financial assets at fair value through profit or loss	$ 2,135,413	$ 993,284
Financial assets measured at amortized cost		
Cash	$ 1,036,658	$ 946,517
Financial assets measured at amortized cost	75,134	74,490
Notes Receivables	879	-
Accounts receivable (Including related parties)	901,342	731,104
Other accounts receivable (Including related parties)	50,736	222,600
Refundable deposit	12,792	8,727
	$ 2,077,541	$ 1,983,438

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortized cost		
Short Term Loans	$ 2,298,718	$ 804,938
Notes Payable	66	65
Accounts payable (Including related parties)	397,237	369,827
Other accounts payable (Including related parties)	436,980	413,944
Long-term borrowings (including current portion)	1,732,083	451,616
Guarantee Deposits Received	5,129	1,544
	$ 4,870,213	$ 2,041,934
Lease liabilities	$ 506,926	$ 431,391

2. Risk management policies

(1) The Group's activities expose it to a variety of financial risks, including

market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and performance.

(2) Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. Group finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as currency exchange risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

The Group's operations involve certain non-functional currencies (the Company's and certain subsidiaries' functional currency is the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is the US Dollars, Japanese Yen and China's Renminbi (RMB)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values that would be materially affected by exchange rate fluctuations are as follows:

		December 31, 2020		
(Foreign currency: functional currency)		Foreign currency (in thousand)	Exchange rate	Book value (NT$Thousand)
Financial assets				
Monetary items				
USD : NTD	USD	27,563	28.480	$ 784,994
RMB : NTD	CNY	108,362	4.377	474,300
JPY : NTD	JPY	83,532	0.276	23,055
Financial liabilities				
Monetary items				
USD : NTD	USD	5,266	28.480	149,976
RMB : NTD	CNY	34,457	4.377	150,818
JPY : NTD	JPY	273,112	0.276	75,379

	December 31, 2019			
(Foreign currency: functional currency)	Foreign currency (in thousand)		Exchange rate	Book value (NT$Thousand)
Financial assets				
Monetary items				
USD : NTD	USD	27,566	29.980	$ 826,420
RMB : NTD	CNY	57,908	4.305	249,292
JPY : NTD	JPY	48,841	0.2760	13,480
Financial liabilities				
Monetary items				
USD : NTD	USD	7,311	29.980	219,191
JPY : NTD	JPY	234,022	0.2760	64,590

B. Total exchange gain, including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Group amounted to a loss of $9,801 and a loss of $8,287 for the years ended December 31, 2020 and 2019, respectively.

C. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

	2020		
	Sensitivity Analysis		
(Foreign currency: functional currency)	Fluctuation	Effect on profit or loss	Other comprehensive profit and loss affected
Financial assets			
Monetary items			
USD : NTD	1%	$ 7,850	$ -
RMB : NTD	1%	4,743	-
JPY : NTD	1%	231	-
Financial liabilities			
Monetary items			
USD : NTD	1%	(1,500)	-
RMB : NTD	1%	(1,508)	-
JPY : NTD	1%	(754)	-

	2019		
	Sensitivity Analysis		
(Foreign currency: functional currency)	Fluctuation	Effect on profit or loss	Other comprehensive profit and loss affected
Financial assets			
Monetary items			
USD : NTD	1%	$ 8,264	$ -
RMB : NTD	1%	2,493	-
JPY : NTD	1%	135	-
Financial liabilities			
Monetary items			
USD : NTD	1%	(2,192)	-
JPY : NTD	1%	(646)	-

Price risk

A. The equity instruments owned by the Company exposing to the price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

B. The Group invests primarily in equity instruments and open-end funds issued by domestic and foreign companies. The price of such equity instrument is subject to the uncertainty of the future value of investment target. If the price of such equity instrument increases or decreases by 1%, while all other factors remain unchanged, the net profit affected by equity instruments at fair value through profit or loss after tax for 2020 and 2019 is an increase of $21,354 and a decrease of $9,933, respectively; as for the other comprehensive income classified as equity instruments at fair value through other comprehensive income, it is $0 and $0 for 2020 and 2019, respectively.

Cash flow and fair value interest rate risk

A. The Group's interest rate risk mainly comes from long-term borrowings issued at floating rates, which exposes the Group to cash flow interest rate risk. For 2020 and 2019, the Group's borrowings issued at floating rates were mainly denominated in New Taiwan dollars and US dollars.

B. The Group's borrowings are measured at amortized cost, and the annual interest rate is re-priced according to the contract, which exposes the Group to the risk of future market interest rate changes.

C. If the long- and short-term borrowing rates increase or decrease by 0.25%, while all other factors remain constant, the net income after tax for 2020 and 2019 is a decrease or increase of $11,526 and $12,565, respectively, mainly due to the interest expense changes caused by the floating interest rate.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable and the contract cash flow

from debt instruments measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

B. The management of credit risk is established with a Group perspective. Only the banks and financial institutionals with an independent credit rating of at least "A" can be accepted as transaction partners of the Group. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

C. The Group considers a contract payment overdue in accordance with the agreed payment terms a breach of contract.

D. The Group uses IFRS 9 to provide the following assumption as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:

(A) If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.

(B) For bond investments in Taipei Exchange, if any external rating agency rates it as an investment grade on the balance sheet date, the credit risk of the financial asset is considered low.

E. The Group uses the following indicators to determine the status of credit impairments of debt instruments:

(A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.

(B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.

(C) The issuer delays or does not pay for the interest or principal.

(D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer's default.

F. The Group categorizes the accounts receivable from customers based on the characteristics of trade credit risks. The simplified approach is adopted for estimating the expected credit loss based on the provision matrix.

G. The Group may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Group will continue the recourse to protect the rights of the claims.

H. The Company has incorporated forward-looking considerations to adjust the loss rate built according to historic and current data in order to estimate the loss allowance of accounts receivables. The provision matrix for the years ended December 31, 2020 and 2019 are shown as follows:

	Not past due	Up to 30 days	31-90 days	91-180 days	More than 181 days past due	Total
December 31, 2020						
Expected loss rate	0.01~1%	0.01~1.95%	1.36~7.49%	3.62~23.67%	41.84~100%	
Total book value	$ 723,020	$ 149,442	$ 32,507	$ 2,169	$ 5,603	$912,741
Loss allowance	-	(2,191)	(2,725)	(957)	(5,526)	(11,399)
December 31, 2019						
Expected loss rate	0.01~1%	0.01~3.22%	0.01~19.02%	0.01~30.16%	1.24~100%	
Total book value	$ 636,020	$ 64,111	$ 32,938	$ 5,562	$ 232	$738,863
Loss allowance	-	-	(2,604)	(5,155)	-	(7,759)

I. The Group adopts a simplified method in which the loss allowance for the accounts receivable is shown as follows:

	2020
	Accounts Receivables
January 1	$ 7,759
Consolidated transfer in	5,785
Reversal for the period	(2,200)
Impact from exchange rate	55
December 31	$ 11,399

	2019
	Accounts Receivables
January 1	$ 2,780
Recognize impairment loss	7,006
Impact from exchange rate	(130)
Change in losing control of the subsidiary	(1,897)
December 31	$ 7,759

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Corporate Group and aggregated by the Group's treasury department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs.

The remaining cash held by each operating entity will be transferred back to the Group's finance department. B. The finance department of the Group invests the remaining funds in interest-bearing demand deposits, time deposits, financial assets at fair value through profit or loss, financial assets at amortized cost and bond investment without an active market (time deposits with a maturity of more than 3 months and less than 12 months), as the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. For the years ended December 31, 2020 and 2019, the position of money market held by the Corporate Group is at $1,071,061 and $986,482, respectively, and is expected to generate immediate cash flow to manage liquidity risk.

B. The Group's unutilized borrowings are shown as follows:

	December 31, 2020	December 31, 2019
Floating rate		
Mature within one year	$ 513,400	$ 833,776
Maturity of more than 1 year	363,851	798,573
Fixed rate		
Mature within one year	-	-
Maturity of more than 1 year	-	-
	$ 877,251	$ 1,632,349

D. The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or total amount, grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2020				
Non-derivative financial liabilities:				
Short Term Loans	$2,298,718	$ -	$ -	$ -
Notes Payable	66	-	-	-
Accounts Payable	397,237	-	-	-
Other accounts payable (Including related parties)	436,980	-	-	-
Lease liabilities	107,380	106,921	375,907	-
Long-term borrowings (including current portion)	100,647	1,698,976	-	-
Guarantee Deposits Received	-	5,129	-	-

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2019				
Non-derivative financial liabilities:				
Short Term Loans	$ 804,938	$ -	$ -	$ -
Notes Payable	65	-	-	-
Accounts Payable	369,827	-	-	-
Other accounts payable (Including related parties)	413,944	-	-	-
Lease liabilities	39,764	32,334	93,926	313,965
Long-term borrowings (including current portion)	20,577	228,611	219,291	-
Guarantee Deposits Received	-	1,544	-	-

(III). Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in stocks of publicly traded or OTC firms and beneficiary certificates is included in Level 1.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in stocks of non-publicly traded or non-OTC firms and private equity fund is included in Level 3.

2. Financial instruments not measured at fair value

   Cash, notes receivable, accounts receivable, other receivable, short-term borrowings, notes payable, accounts payable and other payable as reasonable approximation of fair

value.

3. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit and loss				
Equity securities	$ 2,103,205	$ -	$ 31,708	$ 2,134,913
Beneficiary certificates	500	-	-	500
Total	$ 2,103,705	$ -	$ 31,708	$ 2,135,413

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit and loss				
Equity securities	$ 899,981	$ -	$ 92,803	$ 992,784
Beneficiary certificates	500	-	-	500
Total	$ 900,481	$ -	$ 92,803	$ 993,284

4. The methods and assumptions adopted by the Group for assessing the fair value are as follows:

(1) The Group adopt market pricing as the input of fair value (i.e. Level), and the breakdown of the characteristics of the instrument is as follows:

	Shares of listed and OTC company	Open-end funds
Market price	Closing price	Net Value

(2) Except for the abovementioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained using valuation techniques. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the date of the consolidated balance sheet (for example, the Taipei Exchange refers to the yield curve, the Reuters adopts the average quotation of interest rate of commercial promissory notes).

(3) The output of the valuation model is the estimated value, and the valuation technique may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated

value of the valuation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and related control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully assessed and appropriately adjusted according to current market conditions.

(4) The Group incorporates credit risk valuation adjustments into the consideration of fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of the Group, respectively.

5. There were no transfers between Level 1 and 2 in 2020 and 2019.

6. The following table shows the changes in Level 3 in 2020 and 2019:

	Equity securities
January 1, 2020	$ 92,803
Acquisition cost of the period	39,943
Return of capital by investee company	(8,207)
Recognize impairment loss	(92,831)
December 31, 2020	$ 31,708

	Equity securities
January 1, 2019	$ 133,663
Acquisition cost of the period	65,000
Recognized in profit or loss of the period	21,094
Sold in this period	(127,398)
Transferred to Level 3	12,464
Transferred out of Level 3	(9,928)
Return of capital by investee company	(2,092)
December 31, 2019	$ 92,803

7. The quantitative information about the significant unobservable input value of the valuation model and the sensitivity analysis of the significant unobservable input value change used in the Level 3 fair value measurements are explained as follows:

December 31, 2020

	Fair value	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Relationship between inputs and fair value
Non-derivative equity instruments:					
Shares of non-listed and non-OTC company	$ 31,708	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value.

December 31, 2019

	Fair value	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Relationship between inputs and fair value
Non-derivative equity instruments:					
Shares of non-listed and non-OTC company	$ 27,803	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value.
Shares of non-listed and non-OTC company	65,000	Discounted cash flow method	Long-term revenue growth rate	2.5%	The higher the long-term revenue growth rate, the higher the fair value.

8. The Corporate Group has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurement. For financial assets or liabilities classified in Level 3, changes in valuation parameters have the following impacts on the income or other comprehensive income of the period:

			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes	Favorable changes	Adverse changes
Financial assets						
Equity instruments	Net asset value	± 1%	$ 271	($ 271)	$ -	$ -
Equity instruments	Long-term revenue growth rate	± 1%	468	(481)	-	-
			$ 739	($ 752)	$ -	$ -

			December 31, 2019			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes	Favorable changes	Adverse changes
Financial assets						
Equity instruments	Net asset value	± 1%	$ 278	($ 278)	$ -	$ -
Equity instruments	Long-term revenue growth rate	± 1%	468	(481)	-	-
			$ 746	($ 759)	$ -	$ -

Others

The Company has evaluated the Group's operations and financial information, and amid the novel coronavirus crisis, the Group's ability to continue as a going concern, asset impairment and financing risks have not been greatly affected.

Supplementary Disclosure

I. Significant transactions information

1. Loans to others: Please refer to Table I.

2. Provision of endorsements and guarantees to others: Please refer to Table II.

3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please see Table III.

4. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of the Company's paid-in capital: Please see Table II.

5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None. Please see Table V.

6. Disposal of real estate exceeding $300 million or 20% of paid-in capital or more: None.

7. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

9. Engaged in derivative trading: None.

10. Significant inter-company transactions during the reporting periods: Please refer to Table VI.

II. Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Table VII.

III. Information on investments in China

1. Basic information: Please refer to Table VIII.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in China: None.

IV. Information on Major Shareholders

Information on major shareholders: Detailed in Table IX.

Segments information

I. General information

Management has determined the reportable operating segments based on reports reviewed by the president and used to make strategic decisions.

The Group's corporate structure, the basis for division of segments, and the basis for measurement of segment information have not changed significantly during the current period.

II. Measurement of segment information

The Group evaluates the performance of the operating segments and allocates resources based on the adjusted net profit of each segment.

III. Segments information

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

2020:

	Photomask and semiconductor segment
Revenue from external clients	$ 4,666,756
Segment revenue	$ 118,768
Segment margin	$ 630,541
Segment margin include:	
Depreciation	($ 379,560)
Amortization expense	($ 7,395)
Financial Costs	($ 33,026)
Interest income	$ 4,826
Investments income recognized by using equity method	($ 105,006)
Segment assets	$ 9,069,965

2019:

	Photomask and semiconductor segment	Medical segment	Total
Revenue from external clients	$ 3,422,370	$ 46,312	$ 3,468,682
Segment revenue	$ 157,049	$ 21,294	$ 178,343
Segment margin	$ 413,568	($ 39,051)	$ 374,517
Segment margin include:			
Depreciation	($ 273,431)	($ 6,039)	($ 279,470)
Amortization expense	($ 7,741)	($ 38)	($ 7,779)
Financial Costs	($ 15,607)	($ 242)	($ 15,849)
Interest income	$ 9,269	$ 1	$ 9,270
Investments income recognized by using equity method	($ 45,535)	$ -	($ 45,535)
Segment assets	$ 5,726,370	$ -	$ 5,726,370

IV. Reconciliation for segment income

Sales between segments are conducted according to the principle of transactions at fair value. The operating revenue from external customers reported to the operating decision maker is measured in a manner consistent with that in the income statement.

The consolidated income, assets and liabilities of related segments are consistent with the consolidated income, consolidated assets and consolidated liabilities, so there is no reconciliation information.

V. Information on products and services

The revenue from external customers mainly come from the sales revenue of photomasks and semiconductors and sales revenue of medical equipment, and the performance of related products is the same as that shown in Note 14 (3).

VI. Geographical information

Information by region for the Group in 2020 and 2019:

	2020		2019	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Taiwan	$ 2,116,492	$ 3,936,274	$ 1,961,238	$ 2,013,192
Asia	2,532,492	1,379	1,223,337	143
Americas	-	-	9,033	-
Others	17,772	-	275,074	-

Total	$ 4,666,756	$ 3,937,653	$ 3,468,682	$ 2,013,335

VII. Major customer information

For 2020 and 2019, the Corporate Group had no customers accounting for more than 10% of the sales revenue.

Taiwan Mask Corporation and Subsidiaries

Loans to Others

For the Year Ended December 31, 2020

Table I

Unit: NT$Thousand

(Unless otherwise specified)

Code (Note 1)	Company that lent funds	Borrowing party	General ledger account	Related party	Maximum balance of the period	Balance at the end of period	Amount Actually Drawn	Range of interest rate	Nature of loan	Amount of transaction with borrower	Reason for short-term financing	Amount of recognized impairment loss	Collateral		Limit on loans granted to a single party	Ceiling on total loan granted	Note
													Name	Value			
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	Other Receivables－Related Parties	Y	$ 300,000	$ 300,000	$ 298,000	2%	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 1,415,439	$ 1,415, 439	Note 2
0	Taiwan Mask Corporation	Miracle Technology Co., LTD.	Other Receivables－Related Parties	Y	200,000	100,000	-	2%	Short-term financing	-	Working capital	-	-	-	1,415,439	1,415, 439	Note 2
0	Taiwan Mask Corporation	Aptos Technology INC.	Other Receivables－Related Parties	Y	140,000	140,000	140,000	2%	Short-term financing	-	Working capital	-	-	-	1,415,439	1,415, 439	Note 2
0	Taiwan Mask Corporation	Innova Vision INC.	Other Receivables－Related Parties	Y	200,000	180,000	150,000	2%	Short-term financing	-	Working capital	-	-	-	1,415,439	1,415, 439	Note 2
1	Adl Engineering INC.	Aptos Technology INC.	Other Receivables－Related Parties	Y	30, 000	30,000	30,000	2%	Short-term financing	-	Business operations	-	Aptos Technology machine and	14,799	28,831	28,831	Note 3
2	Miracle Technology Co., LTD.	Youe Chung Capital Corporation	Other Receivables－Related Parties	Y	100,000	-	-	2%	Short-term financing	-	Working capital	-	Other equipment	-	139,248	139,248	Note 4
2	Miracle Technology Co., LTD.	Aptos Technology INC.	Other Receivables－Related Parties	Y	120,000	120,000	120,000	2%	Short-term financing	-	Working capital	-	-	-	139,248	139,248	Note 4
3	Innova Vision INC.	Innova Technology	Other Receivables－Related Parties	Y	10, 507	10,507	21,011	NA	Transactions	11,809	-	-	-	-	-	-	Note 5

3	Innova Vision INC.	Innova Vision Kabushiki Kaisha	Other Receivables－Related Parties	Y	7,817	7,817	12,454	NA	Transactions	16, 775	-	-	-	-	-	-	Note 5
3	Innova Vision INC.	Innova Vision Kabushiki Kaisha	Other Receivables－Related Parties	Y	-	-	55,429	NA	Short-term financing	-	Business operations	-	-	-	-	-	Note 5

Note 1: The explanation of the Code column is as follows:

(1) Issuer fills in 0.

(2). The investee company is numbered in sequence starting from Arabic numeral 1 according to company type.

Note 2: Amendment to the Procedures for Lending Funds to Others:

(1) Total amount of loans:The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loan to a single party shall not exceed 50% of the Company's net value.

Note 3: Subsidiary - Adl Engineering Inc. Procedures for Lending Funds to Others

(1) The total loan amount shall not exceed 50% of the Company’s net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.

(2) In addition to the provisions in (1), the loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.

(3) In addition to the provisions in (1), in which companies or businesses have a short-term financing need, and the loan amount of each individual borrowers not exceeding 40% of the Company net value, the financing amount refers to the accumulated balance of of the company's short-term financing.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, or loans to the Company from any overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are not restricted by the abovementioned paragraphs. However, the total loan amount, limits for each individual borrower, and the period of loan should be specified. The total amount of loans lent between the overseas companies or to the parent company and the limit for each limit are specified as follows:

I. The total amount loans to enterprises shall not exceed 50% of the Company’s net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.

II. For overseas companies that have business dealings with each other, the individual loan amount shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.

III. If there is a need for short-term financing, the loan amount of each individual borrowers shall not exceed 40% of the company's net value, and the financing amount refers to the accumulated balance of the short-term financing between overseas companies.

(5) The highest balance for the current period is the amount resolved by the board.

Note 4: Subsidiary - Miracle Technology Procedures for Lending Funds to Others

(1) Total amount of loans:The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loan to a single party shall not exceed 50% of the Company's net value.

Note 5: Subsidiary - Innova Vision Procedures for Lending Funds to Others

(1) Total amount of loans:The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) The loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties in the past year. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties, and shall not exceed 20% of the Company's net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

Taiwan Mask Corporation and Subsidiaries
Endorsements and Guarantees to Others
For the Year Ended December 31, 2020

Attachment 2

Unit: NT$Thousand
(Unless otherwise specified)

Code (Note 1)	Endorser/guarantor	Guaranteed Party: Name of Company	Guaranteed Party: Relationship (Note 2)	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed (Note 3, 4, 5)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3, 4, 5)	Guarantee Provided by Parent Company to Subsidiary	Guarantee Provided by Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in China	Note
0	Taiwan Mask Corporation	Miracle Technology Co., LTD.	2	$ 229, 550	$ 181,500	$ 170, 880	$ -	$ -	4. 83%	$ 1,415,439	Y	N	N	
1	Adl Engineering INC.	Aptos Technology INC.	3	20, 899	20, 000	20, 000	20, 000	20,000	27. 75%	28,831	N	Y	N	
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology Co., LTD.	3	131,310	122, 612	122, 556	107,000	122,556	57.39%	131,310	N	Y	N	

Note 1: The explanation of the Code column is as follows:
(1) Issuer fills in 0.
(2). The investee company is numbered in sequence starting from Arabic numeral 1 according to company type.

Note 2: The relationship between the guarantor and the guarantee are one of the seven types indicated below:
(1) A company with which it does business.
(2)A company in which the Company directly and indirectly holds more than 50% of the voting shares.
(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
(4) Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other.
(5) A company that is mutually insured by a contract between peers or co-founders based on the needs of the contracted work.
(6). A company that is guaranteed by all contributing shareholders in proportion to their shareholdings due to a joint investment relationship.
(7). Companies that are engaged in joint and several guarantees for the performance guarantee of pre-sale housing sales contracts in accordance with the regulations of the Consumer Protection Act.

Note 3: The Company's endorsement and guarantee practices for others provide that:
(1). The total amount of the Company's external endorsement guarantee shall not exceed 30% of the Company's paid-in capital.
(2) The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
(3). Companies with which the Company has a parent-child relationship: The amount of endorsement and guarantee for a single enterprise shall not exceed 10% of the Company's paid-in capital and the paid-in capital of the company being endorsed and guaranteed.
(4). The aggregate amount of the endorsement and guarantee of the Company and its subsidiaries as a whole shall not exceed 40% of the net worth of the Company, of which the endorsement and guarantee of a single subsidiary shall not exceed 20% of the net worth of the Company.

Note 4: Subsidiary - Adl Engineering Inc. Endorsement and Guarantee Procedures:
(1). The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.
(2). The amount of the endorsement guarantee for a single enterprise shall not exceed 30% of the net value of the company's most recent audited or reviewed financial statements.
(3) . The Company and its subsidiaries shall state in the shareholders' meeting the necessity and reasonableness of any endorsement or guarantee of more than 50% of the net value of the Company's most recent audited or reviewed financial statements.

Note 5: Miko-China Enterprise (Shanghai) Co., Ltd. Endorsement and Guarantee Procedures:

The total amount of endorsement and guarantee obligation is limited to RMB30 million, while the amount of endorsement and guarantee for a single enterprise shall not exceed RMB30 million.

Taiwan Mask Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table III.
December 31, 2020

Table III

Unit: NT$Thousand
(Unless otherwise specified)

Company name of the shareholding	Marketable securities	Relationship	General ledger account	Period end				Note
				Number of shares	Book value	Ownership	Fair value	
Taiwan Mask Corporation	Common stocks of Pu-Shi Venture Capital	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	806, 400	$ -	1. 89%	$ -	
Taiwan Mask Corporation	Common stocks of Athena Capital	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	207, 025	-	2. 07%	-	
Taiwan Mask Corporation	Common stocks of Fu-Run Investment	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	713, 235	7,132	10.53%	7,132	
Taiwan Mask Corporation	Common stocks of Unicon Vision	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	10, 000, 000	93, 200	5.80%	93, 200	
Taiwan Mask Corporation	Common stocks of Acer	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	2, 000, 000	47, 300	0.07%	47, 300	
Youe Chung Capital Corporation	Common stocks of P-Two Industries Inc	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	1, 280, 500	42, 641	2.39%	42, 641	
Youe Chung Capital Corporation	Common stocks of Taiwan Mask	Parent company	Financial Asset at Fair Value Through Profit or Loss - Non Current	37,801,440	1, 496, 236	14.67%	1,496,236	
Youe Chung Capital Corporation	Common stocks of Image Match Design Inc.	The Company is a director of that company	Financial Asset at Fair Value Through Profit or Loss - Non Current	1, 300, 000	4, 576	3.91%	4,576	
Youe Chung Capital Corporation	Common stocks of Unicon Vision	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	7,880, 000	73,442	4.57%	73, 442	
Youe Chung Capital Corporation	Common stocks of B Current Impact Investment	The Company is a director of that company	Financial Asset at Fair Value Through Profit or Loss - Non Current	1, 000, 000	10,000	10.00%	10, 000	
Youe Chung Capital Corporation	Common stocks of United Microelectronics Corporation	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	30, 000, 000	1,414, 500	0.24%	1,414,500	
Youe Chung Capital Corporation	Common stocks of Acer	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	18, 150, 000	429,247	0.60%	429,247	
Youe Chung Capital Corporation	Investment fund of IP Venture Investment and Management Company	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	10,000	-	10, 000	
Youe Chung Capital Corporation	Convertible bonds of Fiti Group	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	25,000	2, 875	-	2,875	
Jingjing Investment Co., Ltd.	Common stocks of G-Tech Electronics Ltd.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	1, 097, 092	-	8.08%	-	
Jingjing Investment Co., Ltd.	Common stocks of Memchip Technology Co., Ltd.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	187, 915	-	3.13%	-	
Aptos Technology	Common stocks of Topfun	None	Financial assets measured at fair value through other	100, 000	-	9.52%	-	

INC.	Technology Inc.		comprehensive income - Non Current				
Adl Engineering INC.	Franklin Templeton SinoAm Asia Pacific Balanced Fund-Accu. Beneficiary Certificate	None	Financial Assets at Fair Value Through Profit or Loss - Current	50,000	500	-	500

Taiwan Mask Corporation and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital
For the Year Ended December 31, 2020

Table IV

Unit: NT$Thousand
(Unless otherwise specified)

Company that buys or sells	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Beginning of period		Buy (Note 3)		Sell (Note 3)				Period end	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling Price	Book Cost	Gains and Losses from Disposal	Number of shares	Amount
Youe Chung Capital Corporation	Macroblock	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	-	3,361, 609	$ 381,542	-	$ -	(3, 361, 609)	$ 354,773	($ 280,691)	$ 74,082	-	$ -
Youe Chung Capital Corporation	United Microelectronics Corporation	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	-	-	-	30, 000, 000	477,460	-	-	-	-	30, 000, 000	1,414,500
Youe Chung Capital Corporation	Acer	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	-	-	-	21,000, 000	462,066	(2, 850, 000)	67,048	(62,656)	4,392	18, 150,000	429,247

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities of the abovementioned items.
Note 2: For marketable securities that adopt the equity method, the two fields should be filled out, and the rest are not required.
Note 3: Acquisition or sale of the same securities should be calculated separately at market price to see if they reach NT$300 million or 20% of the Company's paid-in capital.

Taiwan Mask Corporation and Subsidiaries
Acquisition of real estate exceeding $300 million or 20% of paid-in capital
For the Year Ended December 31, 2020

Table V

Unit: NT$Thousand
(Unless otherwise specified)

Company acquiring real property	Property Name	Date of the occurrence of the event	Transaction Amount	Payment Status	Counterparty	Relationship	If the transaction counterparty is a related person, the data on the previous transfer				Reference for price determination	Purpose of acquisition and use status	Other provisions
							Owner	Relationship with the issuer	Date of transfer	Amount			
Taiwan Mask Corporation	Plant and ancillary equipment of building	2020/07/09	$ 1,038, 306	All paid	Neo Solar Power	None	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Appraisal report from real estate joint appraisers firm	For operations	None

Taiwan Mask Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
For the Year Ended December 31, 2020

Table VI

Unit: NT$Thousand
(Unless otherwise specified)

Code (Note 1)	Name of the counterparty	Counterparty	Relationship	Status of transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	1	Other Receivables	$ 298,000	Receipt and payment at an agreed time	3.29%
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	1	Interest income	4,346	Receipt and payment at an agreed time	0.09%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Sales	3,067	Net 60	0.07%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Endorsement and guarantee	170,880	Same with other customers	1.88%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Interest income	1,411	Receipt and payment at an agreed time	0.03%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Rental income	1,584	Same with other customers	0.03%
0	Taiwan Mask Corporation	Miracle International Enterprise (Shanghai) Co., Ltd.	1	Sales	38,329	Net 60	0.82%
0	Taiwan Mask Corporation	Miracle International Enterprise (Shanghai) Co., Ltd.	1	Accounts Receivables	8,043	Net 60	0.09%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	140,000	Receipt and payment at an agreed time	1.54%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	11,505	Same with other customers	0.13%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Rental income	13,421	Same with other customers	0.29%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	16,021	Same with other customers	0.18%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	150,000	Receipt and payment at an agreed time	1.65%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Interest income	2,374	Receipt and payment at an agreed time	0.05%
1	Miracle Technology Co., LTD.	Aptos Technology INC.	3	Other Receivables	120,000	Receipt and payment at an agreed time	1.32%
1	Miracle Technology Co., LTD.	Miracle International Enterprise (Shanghai) Co., Ltd.	3	Sales	4,955	Net 30	0.11%
1	Miracle Technology CO., LTD.	Miko Technology co. , Ltd.	3	Other Current Liabilities	34,032	Receipt and payment at an agreed time	0.38%
2	Miracle International Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	3	Sales	39,439	Net 30	0.85%

3	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	Endorsement and guarantee	122,556	Same with other customers	1.35%
4	Sichuan Miracle Power Technology Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	3	Sales	5,138	Net 30	0.11%
5	Aptos Technology INC.	Adl Engineering INC.	3	Short Term Loans	30,000	Receipt and payment at an agreed time	0.33%
6	Adl Engineering INC.	Aptos Technology INC.	3	Endorsement and guarantee	20,000	Same with other customers	0.22%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is "0".
(2) The subsidiaries are numbered in order starting from "1".
Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;
for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiaries.
Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement account
Note 4: Only transactions with an amount of more than NT$1 million will be disclosed, and transactions with related parties will not be disclosed separately.

Taiwan Mask Corporation and Subsidiaries
Names, locations and other information of investee companies (not including investees in China)
For the Year Ended December 31, 2020

Table VII

Unit: NT$Thousand
(Unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment income(loss) recognized by the Company for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Owners hip	Book value			
Taiwan Mask Corporation	SunnyLake Park International Holdings, Inc.	British Virgin Islands	Re-investment	$ 103,045	$ 103,045	3,120,000	100%	$ 5,355	($ 61)	($ 61)	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Taiwan	Re-investment	1,440,000	1,140,000	201,969,484	100%	1,359, 028	802,419	546,557	
Taiwan Mask Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	165,691	165,691	12,549,652	23.15%	69,308	(70,162)	(19,498)	
Taiwan Mask Corporation	Miracle Technology Co., LTD.	Taiwan	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	252,651	252,651	22,955,033	100%	384,228	68,596	68,596	
Taiwan Mask Corporation	Weida Hi-Tech Company	Taiwan	Display panel control chip and other module's research, design, development, manufacturing and sales	293,371	293,371	12,176,880	36.70%	85,425	(64,224)	(35,045)	
Taiwan Mask Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	210,649	-	2,599,457	13.00%	520	(269,521)	-	
Youe Chung Capital Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	65,719	65,719	3,550,223	6.55%	19,607	(70,162)	(5,516)	
Youe Chung Capital Corporation	Xsense Technology Corporation	British Virgin Islands	Precious metal coating	268,965	-	81,818,181	35.38%	186,822	(171,692)	(67,788)	
Youe Chung Capital Corporation	Aptos Technology INC.	Taiwan	Design, packaging and testing of NAND flash memory, solid state drives and the related products	134,928	134,928	33,732,108	38.16%	(60,148)	(252,273)	(120,545)	
Youe Chung Capital	Innova Vision INC.	Taiwan	Manufacturing, retail,	149,774	-	641,281	3.21%	128	(269,521)	-	

Corporation			wholesale and international trade of medical equipment								
Aptos Technology INC.	Adl Engineering INC.	Taiwan	Electronics components	375,809	375,809	6,255,069	52.19%	37,619	(4,737)	(2,472)	
Aptos Technology INC.	New Sunrise Limited	Samoa	Re-investment	-	-	-	100%	-	-	-	Note
Adl Engineering INC.	Aptos Global Holding Corp.	Seychelles	Re-investment	29,795	29,795	10,000, 000	100%	-	-	-	
Apotos Global Holding Corp.	Aptos Technology Co., Limited	Hong Kong	Re-investment	29,648	29,648	78,000, 000	100%	-	-	-	
Miracle Technology Co., LTD.	Jingjing Investment Co., Ltd.	Taiwan	Re-investment	10,012	10,012	14,316, 212	100%	208,562	31,694	31,694	
Miracle Technology Co., LTD.	Miracle (Samoa) Co., Ltd	Samoa	Re-investment	10,215	10,215	-	100%	57,592	37,415	37,415	
Miracle (Samoa) Co. , Ltd	Misun Technology Co., Ltd	Mauritius	Re-investment	10,215	10,215	-	100%	57,592	37,415	37,415	
Jingjing Investment Co., Ltd.	Miko Technology Co., Ltd	Hong Kong	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	37	37	10,000	100%	37,589	(23,761)	(23,761)	
Innova Vision INC.	Innova Technology	Taiwan	Sales of contact lens	35,000	-	3, 500, 000	100%	(32,907)	(19,538)	-	
Innova Vision INC.	Innova Vision (B.V.I) Inc.	British Virgin Islands	Re-investment	60,157	-	1, 000, 000	100%	(55,696)	(4,415)		
Innova Vision INC.	Calaview International Holding Company Limited	Seychelles	Re-investment	-	-	1, 000, 000	100%	161	460	-	
Innova Vision INC.	Innova Vision Kabushiki Kaisha	Japan	Sales of contact lens	8,349	-	600	9.23%	(5,680)	(4,865)	-	
Innova Vision (B. V. I) Inc.	Innova Vision Kabushiki Kaisha	Japan	Sales of contact lens	56,420	-	5,900	90.77%	(55,854)	(4,865)	-	
Weida Hi-Tech Company	Smart Touch Co., Ltd	British Virgin Islands	Re-investment	14,602	14,602	9,145	100%	-	-	-	
Weida Hi-Tech Company	Central Star Ltd	Seychelles	Re-investment	4,076	4,076	129,200	22.30%	-	-	-	
Smart Touch Co., Ltd	Central Star Ltd	British Virgin Islands	Re-investment	13,714	13,714	450,000	77.70%	-	-	-	

Note: As of December 31, 2020, the funds for shares have not been remitted.

Taiwan Mask Corporation and Subsidiaries
Information on investments in China, January 1 to December 31, 2020

Table VIII

Unit: NT$Thousand
(Unless otherwise specified)

Investee in China	Main business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to China	Amount remitted from Taiwan to China/Amount remitted back to Taiwan for the period		Accumulated amount of remittance from Taiwan to China	Net profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the current period (Note 2)	Carrying amount as of the end of the period	Accumulated amount of investment income remitted back to Taiwan	Note
					Remitted to	Remitted back							
Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	$ 3,283	1	$ 3,283	$	$	$ 3, 283	$ 68, 748	100%	$ 68,748	$ 213,548	$	Note 2 (2) B
Miracle International Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	10,215	2	10,215			10,215	38, 176	100%	38,176	50,705		Note 2 (2) B
Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	32,529	2	-	-	-	-	4,607	100%	4,607	26,811	-	Note 2 (2) B
Touch Hi-Tech Co., Ltd.	Touch panel system hardware design and software development	25,684	1	25,684	-	-	25,684	(2,475)	36.70%	(2,475)	20	-	Note 2 (2) C

Name of Company	Accumulated amount of remittance from Taiwan to China as of the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in China imposed by the Investment Commission of MOEA
Miko-China Enterprise (Shanghai) Co., Ltd.	$ 3,283	$ 3,283	$ 208,871
Miracle International Enterprise (Shanghai) Co., Ltd.	10,215	10,215	208,871
Sichuan Miracle Power Technology Co., Ltd.	-	-	208,871
Touch Hi-Tech Co., Ltd.	25,684	25,684	51,255

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1). Directly invest in a company in China.

(2). Through investing in an existing company in the third area (please specify the company), which then invested in China.

(3). Others

Note 2: Net profit (loss) of the investee for the year:

(1) If it is still under preparation with no actual gain or loss, it shall be indicated in the box.

(2) The basis for recognition of the investment gains or losses is divided into the following three,

A. Financial statements audited and validated by an international accounting firm that has a collaborative relationship with CPA firms in Taiwan.

B. Financial statements audited and validated by a certified accountant or accounting firm who work with the parent company in Taiwan.

C. Unaudited financial reports.

Note 3: The relevant figures in this table should be presented in New Taiwan Dollars.

Taiwan Mask Corporation and Subsidiaries

Information on Major Shareholders

December 31, 2020

Table IX

Name of Main Shareholders	Shares	
	No. of shares held	Ownership
Youe Chung Capital Corporation	37,801,440	14.67%

V. Standalone financial report for the most recent fiscal year audited and validated by a certified public accountant

Independent Auditors' Report

(110) TWSE Review No. 20003776

To Taiwan Mask Corporation,

Opinions

We have audited the accompanying standalone balance sheets of Taiwan Mask Corporation as of December 31, 2020 and 2019, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2020 and 2019, and notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the standalone financial statements present fairly, in all material respects, the standalone financial position of Taiwan Mask Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and 2019, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020" and generally accepted auditing standards in the Republic of China ("ROC GAAS") for the year ended December 31, 2020; we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS") for the year ended December 31, 2020. Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of Taiwan Mask Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of the other independent auditors, 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 standalone financial statements of Taiwan Mask Corporation of fiscal year 2020. These matters were addressed in the context of our audit of the separate financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the standalone financial statements in fiscal year 2020 are stated as follows:

Evaluation of Inventories

Description

Refer to Note 4(11) for the accounting policies on the evaluation of inventories, Note 5(2) for the uncertainty of accounting estimations and assumptions for evaluation of inventories, inventory accounts description please refer to Note 6(5), for the details of allowance for inventory valuation. The inventory amount and allowance for inventory valuation loss as of December 31, 2020 is NT$116,068 thousand and NT$ 5,212 thousand respectively.

Taiwan Mask Corporation is primarily engaged in mask and integrated circuit services in the semiconductor industry. Due to rapid technological innovations, short life-cycle and competition within the mask industry, the risk of price fluctuations, loss on decline in value of inventories and obsolescence is higher than that of other industries. Management evaluates inventories stated at the lower of cost and net realizable value. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Assessed the policy on allowance for inventory valuation loss based on our understanding of the Group's operations and industry.
2. The test is used to evaluate the inventory aging report used and the inventory cost net realizable value, applying whichever is lower. This includes verification of the relevant supporting documents of the inventory transaction date, confirming the correct classification of the inventory age; verifying the supporting documentation of the net realizable value, evaluating and confirming the rationality of the net realizable value decision.
3. Verify the reasonableness of allowance for inventory valuation loss.

Income recognition

Description

For the accounting policy on income recognition, please refer to Note 4 (24) of the financial report. For sales revenue please refer to Note 6(19); the operating income in fiscal year 2020 is NT$2,175,018 thousand.

Taiwan Mask Corporation mainly produces and sells products such as masks and integrated circuits used in semiconductors, and has a large and diversified sales base. Trading conditions vary according to market conditions and customer needs. Considering that sales revenue is a major transaction that has a significant impact on the standalone financial

statements, we believe that the recognition of sales revenue is one of the most important matters to be considered in this year's audit.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand the type of major income and assess internal operations, review revenue recognition and accounting treatment.
2. Obtain the sales revenue statement, sample the sales transactions and verify the relevant documents to determine the appropriateness of the sales revenue.
3. Execute the cut-off test for the sales receipts transaction for a certain period of time before and after the closing date, and confirm that the account is correct at the time of entry.

Responsibilities of management and those charged with governance for the standalone financial statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing Taiwan Mask Corporation'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 Taiwan Mask Corporation 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 Taiwan Mask Corporation's financial reporting process.

Independent auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 ROC GAAS 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 standalone financial statements.

As part of an audit conducted in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following undertakings:

1. Identify and assess the risks of material misstatement of the standalone 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 Taiwan Mask Corporation'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 Taiwan Mask Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the standalone 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 report. However, future events or conditions may cause Taiwan Mask Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Taiwan Mask Corporation to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicated 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 for the current period.

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.

We communicated with those charged with governance regarding, among other matters,

the planned scope and timing of the 2020 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit for the current period. 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 auditor's report because the adverse consequences of doing so would reasonable are expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Tien-I Li

Accountant

Ya-Hui Cheng

Financial Supervisory Commission of the Executive Yuan
Approval Certificate No. 1020028992
Securities and Futures Bureau of Financial Supervisory Commission of the Executive Yuan
Approval Certificate No. 0960072936

March 15, 2021

Taiwan Mask Corporation
Separate Balance Sheets
December 31, 2020 and 2019

Unit: NT$Thousand

	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and Cash Equivalents	6(1)	$ 493,838	7	$ 481,957	10
1136	Financial Assets at Amortized Cost -	6(3)				
	Current		3,000	-	3,000	-
1140	Contract Asset - Current		78,897	1	-	-
1150	Notes Receivables (Net)	6(4)	29	-	-	-
1170	Accounts Receivables (Net)	6(4)	425,006	6	368,313	7
1180	Accounts Receivables - Related	6(4) and 7				
	Parties (Net)		9,003	-	8,970	-
1200	Other Receivables		51	-	6,997	-
1210	Other Receivables - Related Parties	7	624,065	8	526,215	11
130X	Inventories	6(5)	110,856	1	137,745	3
1410	Prepayments		63,704	1	27,009	1
1470	Other Current Assets		650	-	1,409	-
11XX	**Total Current Assets**		1,809,099	24	1,561,615	32
	Non-Current Assets					
1510	Financial Asset at Fair Value	6(2)				
	Through Profit or Loss - Non Current		147,632	2	368,890	7
1535	Financial Assets at Amortized Cost -	6(3) and 8				
	Non Current		35,422	1	29,418	1
1550	Investment under Equity Method	6(6)	1,903,864	25	1,085,024	22
1600	Property, plant and equipment	6(7) and 8	2,746,203	36	1,369,968	28
1755	Right-of-use Asset	6(8)	395,869	5	319,571	6
1760	Investment property (Net)	6(10) and 8	544,878	7	-	-
1780	Intangible assets		2,366	-	2,177	-
1840	Deferred Income Tax Assets	6(26)	2,014	-	1,048	-
1900	Other Non-Current Assets		5,466	-	176,201	4
15XX	**Total Non-Current Assets**		5,783,714	76	3,352,297	68
1XXX	**Total Assets**		$ 7,592,813	100	$ 4,913,912	100

(continued on next page)

Taiwan Mask Corporation
Separate Balance Sheets
December 31, 2020 and 2019

Unit: NT$Thousand

	Liabilities and Equities	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short Term Loans	6(11)	$ 1,448,600	19	$ 700,000	14
2130	Contract Liabilities - Current	6(19)	6,131	-	6,310	-
2170	Accounts Payable		109,043	1	95,876	2
2200	Other Payables	6(12)	288,967	4	303,651	6
2230	Current Income Tax Liabilities		50,952	1	17,578	1
2280	Lease Liability - Current		15,721	-	12,885	-
2320	Long-term liabilities due within one year or one business cycle	6(13)	87,143	1	9,000	-
2399	Other Current Liabilities - Other		7,296	-	11,850	-
21XX	**Total Current Liabilities**		2,013,853	26	1,157,150	23
	Non-current liabilities					
2540	Long-term Loans	6(13)	1,634,284	22	435,427	9
2570	Deferred Income Tax	6(26)	226	-	660	-
2580	Lease liability - Non Current		383,752	5	310,328	6
2640	Defined Benefit Liabilities - Non Current	6(14)	17,731	-	19,115	1
2645	Guarantee Deposits Received	7	4,369	-	1,010	-
25XX	**Total Non-Current Liabilities**		2,040,362	27	766,540	16
2XXX	**Total Liabilities**		4,054,215	53	1,923,690	39
	Capital	6(15)				
3110	Capital stock		2,527,136	33	2,527,136	51
	Capital surplus	6(16)				
3200	Capital surplus		439,898	6	322,777	7
	Retained earnings	6(17)				
3310	Legal reserve		587,990	8	544,712	11
3320	Special reserve		2,666	-	-	-
3350	Unappropriated earnings		814,617	11	432,801	9
	Other equity interests	6(18)				
3400	Other equity interests		889	-	(1,872)	-
3500	Treasury stock	6(15)	(834,598)	(11)	(835,332)	(17)
3XXX	**Total Equities**		3,538,598	47	2,990,222	61
	Major Commitments and Contingencies	9				
	Major Events after Financial Statement Date	11				
3X2X	**Total Liabilities and Equities**		$ 7,592,813	100	$ 4,913,912	100

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen Manager: Lidon Chen Accounting Supervisor: Yi-Ting Yang

Taiwan Mask Corporation
Separate Comprehensive Income Statements
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand
(Except for earnings per share)

	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenue	6(19)	$ 2,175,018	100	$ 1,658,131	100
5000	Operating costs	6(5)	(1,323,825)	(61)	(1,144,949)	(69)
5900	Gross profit		851,193	39	513,182	31
	Operating expenses					
6100	Selling Expenses		(57,533)	(3)	(49,396)	(3)
6200	Administrative Expenses		(187,251)	(8)	(130,000)	(8)
6300	R&D Expenses		(67,060)	(3)	(98,301)	(6)
6450	Expected Credit Impairment Benefit (Loss)	12(2)	600	-	(792)	-
6000	Total Operating Expenses		(311,244)	(14)	(278,489)	(17)
6900	Operating profit		539,949	25	234,693	14
	Non-operating income and expenses					
7100	Interest income	6(20)	11,402	1	15,080	1
7010	Other Incomes	6(21)	32,565	1	22,780	1
7020	Other Gains and Losses	6(22)	(369,831)	(17)	223,817	14
7050	Financial Costs	6(23)	(27,744)	(1)	(14,373)	(1)
7070	The share of subsidiaries, affiliates and joint venture profits and losses recognized by the equity method		560,549	26	(17,171)	(1)
7000	Total Non-Operating Incomes and Losses		206,941	10	230,133	14
7900	**Earnings Before Tax**		746,890	35	464,826	28
7950	Income Tax Expense	6(26)	(62,993)	(3)	(33,572)	(2)
8000	**Net income of current period from continuing operations**		683,897	32	431,254	26
8200	**Net Income (Loss)**		$ 683,897	32	$ 431,254	26
	Other Comprehensive Incomes (Net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Re-measurements of defined benefit plan		$ 424	-	$ 1,527	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6(18)	-	-	(2,666)	-
8310	Total items that will not be reclassified subsequently to profit or loss		424	-	(1,139)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations	6(18)	2,761	-	(7,059)	-
8360	Total Components of other comprehensive income that will be reclassified to profit or loss		2,761	-	(7,059)	-
8500	**Total comprehensive income for the year**		$ 687,082	32	$ 423,056	26
	Earnings per share	6(27)				
9750	Net Income (Loss)		$	3.34	$	2.19
	Diluted Earnings per share	6(27)				
9850	Net Income (Loss)		$	3.30	$	2.18

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen Manager: Lidon Chen Accounting Supervisor: Yi-Ting Yang

Taiwan Mask Corporation
Separate Changes of Equity Statements
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand

	Notes	Capital stock	Capital surplus	Retained earnings			Other equity interests		Treasury stock	Total Equity
				Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income		
2019										
Beginning Balance as of 2019/1/1		$ 2,527,136	$ 169,431	$ 524,792	$ 14,287	$ 199,736	$ 7,853	$ -	($ 884,741)	$ 2,558,494
Net Income (Loss)		-	-	-	-	431,254	-	-	-	431,254
Other Comprehensive Profit or Loss	6(18)	-	-	-	-	1,527	(7,059)	(2,666)	-	(8,198)
Total comprehensive income for the year		-	-	-	-	432,781	(7,059)	(2,666)	-	423,056
Distribution and allocation of surplus earnings for FY2018										
Legal capital reserve		-	-	19,920	-	(19,920)	-	-	-	-
Reversal of Special capital		-	-	-	(14,287)	14,287	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(194,083)	-	-	-	(194,083)
Adjustment of capital reserve by dividends paid to subsidiaries	6(16)	-	30,926	-	-	-	-	-	-	30,926
Difference between actual acquisition price and carrying value of equity in subsidiaries	6(16)	-	(5,333)	-	-	-	-	-	-	(5,333)
Changes in shares of affiliates recognized under the equity method	6(16)	-	17,809	-	-	-	-	-	-	17,809
Share-based payment transaction	6(16)	-	109,628	-	-	-	-	-	49,409	159,037
Unclaimed dividends of shareholders	6(16)	-	316	-	-	-	-	-	-	316
Ending Balance as of 2019/12/31		$ 2,527,136	$ 322,777	$ 544,712	$ -	$ 432,801	$ 794	($ 2,666)	($ 835,332)	$ 2,990,222
2020										
Beginning Balance as of 2020/1/1		$ 2,527,136	$ 322,777	$ 544,712	$ -	$ 432,801	$ 794	($ 2,666)	($ 835,332)	$ 2,990,222
Net Income (Loss)		-	-	-	-	683,897	-	-	-	683,897
Other Comprehensive Profit or Loss	6(17)	-	-	-	-	424	2,761	-	-	3,185
Total comprehensive income for the year		-	-	-	-	684,321	2,761	-	-	687,082
Distribution and allocation of surplus earnings for FY2019										
Legal capital reserve		-	-	43,278	-	(43,278)	-	-	-	-
Special Capital		-	-	-	2,666	(2,666)	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(252,714)	-	-	-	(252,714)
Adjustment of capital reserve by dividends paid to subsidiaries	6(16)	-	37,081	-	-	-	-	-	-	37,081
Changes in shares of affiliates and joint ventures recognized under the equity method	6(16)	-	(11,799)	-	-	(3,847)	-	-	-	(15,646)
Share-based payment transaction	6(16)	-	88,273	-	-	-	-	-	307,654	395,927
Treasury Stock Buyback	6(16)	-	-	-	-	-	-	-	(306,920)	(306,920)
Unclaimed dividends of shareholders	6(16)	-	3,566	-	-	-	-	-	-	3,566
Ending Balance as of 2020/12/31		$ 2,527,136	$ 439,898	$ 587,990	$ 2,666	$ 814,617	$ 3,555	($ 2,666)	($ 834,598)	$ 3,538,598

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen Manager: Lidon Chen Accounting Supervisor: Yi-Ting Yang

Taiwan Mask Corporation
Separate Statements of Cash Flow
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash Flow from Operating Activities			
Net Income(Loss) Before Tax		$ 746,890	$ 464,826
Adjustments to Reconcile Net Income to Net Cash Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(24)	216,207	146,907
Amortization	6(24)	3,302	1,972
Expected Credit Impairment Benefit / Bad Debt Expenses	12(2)	(600)	792
Interest income	6(20)	(11,402)	(15,080)
Interest Incomes	6(23)	27,744	14,373
Net Profit of Financial Asset at Fair Value Through Loss (Profit)	6(22)	254,506	(220,364)
Disposal of investment losses (gains)	6(22)	6,642	(8,126)
Impairment Loss of Financial Assets	6(22)	98,416	-
Dividend income	6(21)	-	(4,095)
Share-based payment transaction	6(25)	88,273	84,922
The Share of Subsidiaries and Affiliates Profits and Losses Recognized by the Equity Method		(560,549)	17,171
Gains (losses) on Disposal of Property, Plants and Equipment		72	962
The Changes of Assets/ Liabilities related to Operating Activities			
Net Changes of Assets related to Operating Activities			
Mandatory financial assets at fair value through profit or loss		(67,449)	54,168
Contract Assets		(78,897)	-
Notes Receivables		(29)	1,151
Accounts Receivables		(56,093)	(31,812)
Accounts Receivables－Related Parties		(33)	(2,208)
Other Receivables		6,660	987
Other Receivables－Related Parties		(3,068)	(6,952)
Inventories		26,889	(9,421)
Prepayments		(36,695)	36,224
Other Current Assets		759	161
Net Changes of Liabilities related to Operating Activities			
Contract Liabilities		(179)	(15,547)
Accounts Payable		13,167	28,997
Other Payables		29,968	47,127
Other Current Liabilities		(4,554)	(125)
Defined Benefit Liabilities		(1,626)	(18)
Net Cash In-Flow from Operating		698,321	586,992
Interest Received		11,688	11,975
Dividends Received		-	4,095
Interest Paid		(26,774)	(13,811)
Income Tax Paid		(29,470)	(27,213)
Net Cash In-Flow (Out-Flow) from Operating Activities		653,765	562,038

(continued on next page)

Taiwan Mask Corporation
Separate Statements of Cash Flow
For the Years Ended December 31, 2020 and 2019

Unit: NT$Thousand

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash Flow from Investment Activities			
Acquisition of Amortized Cost Financial Assets		($ 6,004)	$ -
Disposal of Amortized Cost Financial Assets		-	21,995
Acquisition of investment property by the Equity Method		(300,000)	-
Return of capital by investee company		8,206	99,981
Other Receivables－Related Parties		(94,782)	(129,700)
Acquisition of Property, Plants and Equipment	6(28)	(2,011,023)	(671,054)
Disposal of Property, Plants and Equipment		62	-
Acquisition of Intangible Assets		(3,491)	(3,210)
Decrease of Guarantee Deposits		1,682	92
Net Cash Outflow from Investing Activities		(2,405,350)	(681,896)
Cash Flows from Financing Activities			
Increase of Short Term Loan	6(29)	2,550,534	1,292,495
Redemption of Short Term Loan	6(29)	(1,801,934)	(1,183,495)
Increase of Long Term Loan	6(29)	1,332,000	444,427
Redemption of Long Term Loan	6(29)	(55,000)	-
Distribution of cash dividends	6(17)	(252,714)	(194,083)
Treasury stocks transfer to employees		307,591	49,409
Treasury stock buyback cost		(306,920)	-
Redemption of Lease Principal	6(29)	(17,016)	(12,978)
Increase in Guarantee Deposits Received	6(29)	3,359	974
Transfer of unclaimed dividends as Additional Paid-in Capital		3,566	316
Net Cash In-Flow (Out-Flow) from Funding Activities		1,763,466	397,065
Increase (Decrease) of Cash and Cash Equivalents		11,881	277,207
Beginning Balance of Cash and Cash Equivalents		481,957	204,750
Ending Balance of Cash and Cash Equivalents		$ 493,838	$ 481,957

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen　　Manager: Lidon Chen　　Accounting Supervisor: Yi-Ting Yang

Taiwan Mask Corporation
Notes to the Standalone Financial Statements
2020 and 2019

Unit: NT$Thousand
(Unless otherwise specified)

I. Company history

Taiwan Mask Corporation (hereinafter referred to as the "Company") was established on October 21, 1988, and started its operations in March 1989. The Company was approved by the shareholders meeting on June 12, 2000 to acquire Shin-Tai Technology Co., Ltd., on the merger record date of December 1, 2000, with the Company being the surviving entity. The Company mainly engage in the research, development, manufacturing and sales of photomask, providing technical assistance, consultation, inspection and repair of the abovementioned products.

Date and procedures for passing the financial report

The accompanying standalone financial statements were approved and authorized for issuance by the Board of Directors on March 15, 2021.

Application of New and Revised International Financial Reporting Standards

(I) (1) The impact from adopting the newly released and revised International Financial Reporting Standards recognized by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2020:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
IAS 1 and IAS 8 amendments, Disclosure Initiative - Definition of Material.	January 1, 2020
IFRS 3 amendments, Definition of a business	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 -- Interest rate benchmark reform	January 1, 2020
Amendment to IFRS 16 for Rent Concessions in the Coronavirus Pandemic	June 1, 2020 (Note)

Note: The FSC allows the application in advance starting January 1, 2020.

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(II) (2) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2021:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendment to IFRS 4, "Extension to Temporary Exemption from Application of IFRS 9"	January 1, 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and Phase II amendment to interest rate benchmark reform of IFRS 16.	January 1, 2021

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(III) IFRSs issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
IFRS 3 amendment, "Reference to Conceptual Framework"	January 1, 2022
IFRS 10 and IAS 28 amendments, Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the IASB
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendment to IAS 1 - "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 - "Definition of Accounting Estimates"	January 1, 2023
Amendment to IAS 16 - "Property, Plant and Equipment: Proceeds before Intended Use".	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual improvements to 2018 - 2020 cycle	January 1, 2022

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

Summary of significant accounting policies

The principal accounting polices applied in the preparation of these standalone financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(IV) Compliance statement

These standalone financial statements of the Company have been prepared in accordance with

the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

(V) Basis of preparation

1. Except for the following items, these standalone financial statements have been prepared under the historical cost convention.
   (1) Financial assets and financial liabilities at fair value through profit or loss (including derivatives).
   (2) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(VI) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The standalone financial statements are presented in New Taiwan dollars, which is the Company's functional currency and reporting currency.

1. Foreign currency transactions and balances
   (1) Foreign currency transactions are translated into the functional currency using spot exchange rate at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated using spot exchange rate at the balance sheet date. Exchange differences arising from re-translation at the balance sheet date are recognized in profit or loss.
   (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using spot exchange rate at the balance sheet date. Their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated using spot exchange at the balance sheet date. Their translation differences are recognized in other comprehensive income. For those which are not measured at fair value, they measured by the historical exchange rate of the initial transaction date.
   (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".
2. Translation of foreign operations
   (1) The operating results and financial position of all corporate group entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
      A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
      B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

C. All resulting exchange differences are recognized in other comprehensive income.

(2) When the foreign operation that is partially disposed of or sold is a subsidiary, the accumulated conversion difference recognized as other comprehensive income is re-attributed to the foreign operation's non-controlling interests on a pro rata basis. However, even if the Company retains part of its equity in the former subsidiary, but has lost control of the subsidiary of the foreign operation, it will be treated with as a disposal of the entire equity of the foreign operation

(3) Goodwill and fair value adjustments arising on acquisition of a foreign entity are regarded as assets and liabilities of the foreign entity, and are translated at the closing rate.

(VII) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(2) Assets held mainly for trading purposes.

(3) Assets that are expected to be realized within twelve months from the balance sheet date.

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets that do not meet the above criteria are considered non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be paid off within the normal operating cycle.

(2) Assets held mainly for trading purposes.

(3) Liabilities that are to be paid off within twelve months from the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are considered non-current.

(VIII) Financial assets at fair value through profit and loss

1. Refer to the financial assets that are not measured at amortized cost, or are measured at fair value through other comprehensive gain or loss.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. The Company measures financial assets at fair value in initial recognition. The related transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits associated with the dividends are likely to flow in, and the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(IX) Financial assets measured at amortized cost

1. Refer to those that meet the following criteria at the same time:
   (1) The objective of the business model is achieved by collecting contractual cash flows.
   (2) The assets' contractual cash flows solely represent payments of principal and interest.
2. The Company holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and is measured by the amount of investment.

(X) Accounts and notes receivable

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XI) Impairment Loss of Financial Assets

Regarding debt instruments measured at FVTOCI, financial assets measured at amortized cost, accounts receivable or contract assets and lease receivables that contain significant financing components, the Company, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for contract assets or trade receivables that do not constitute a financing transaction.

(XII) De-recognition of financial assets

A financial asset is derecognized when the Company's rights to receive cash flows from the financial assets have expired.

(XIII) Lessor's lease transaction -- Operating lease

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(XIV) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (amortized according to normal production capacity), but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable costs of completion and selling expenses.

(XV) Investments accounted for using equity method -- Subsidiaries and associates

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2. Unrealized gains or losses on transactions between Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognized the profit and loss upon the acquisition of subsidiaries as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. If the Company's recognized profit and loss of the subsidiaries equal to or exceed the equity in the subsidiaries, the Company will continue to recognize the loss in proportion to its shareholding.
4. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions, and they are considered as transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly recognized in equity.
5. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
6. Associates refer to entities over which the Company has significant influence but is not in control. In general, the associates may have more than 20% of their voting shares directly or indirectly owned by the Company. The Company accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
7. The Company recognizes the profit and loss upon the acquisition of associates as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. When the Company’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company will not recognize further losses, unless it has incurred legal or constructive obligations or make payments on behalf of the associate.
8. If an associate has changes in equity not from profit or loss or other comprehensive income, and such changes do not affect the Company's shareholding in the associate, the Company will recognize all changes in equity attributable to the Company's share of the associate as "capital surplus" according to the shareholding percentage.
9. Unrealized gains on transactions between the Company and associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
10. In the event that an associate issues new shares and the Company does not subscribe to or acquire the new shares in proportion, which results in a change to the Company's shareholding percentage but the Company maintains a significant influence on the

associate, the increase or decrease of the Company's share of equity interest is the adjustment of "capital surplus" and "investments accounted for under the equity method". If the investment percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the relevant assets or liabilities were disposed of.

11. Pursuant to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss during the period and other comprehensive income presented in standalone financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(XVI) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any changes are accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 years to 56 years
Machinery and equipment	5 years to 14 years
Transportation equipment	6 years
Office equipment	3 years to 6 years

(XVII) Leasing agreements (lessee) - Right-of-use assets/lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the

commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments, less any lease incentives receivables.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. At the commencement date, the right-of-use asset is recognized at cost which includes:

(1) The amount of initial measurement of lease liability.

(2) Any lease payments made at or before the commencement date.

(3) Any original direct costs incurred.

(4) The estimated cost of dismantling, removing the underlying asset and restoring its location, or restoring the underlying asset to the condition required in the lease terms and conditions.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

(XVIII) Intangible assets

Computer software is recognized at the cost of acquisition, and amortized based on the estimated useful life of 3 years based on the straight-line method.

(XIX) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal cost or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Borrowings

Refers to long- and short-term funds borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXI) Accounts and notes receivable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined-benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined-benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using the market yield rate of high-quality corporate bonds whose balance sheet date is consisent with the currency and period of the defined-benefit plan. In countries where there is no deep market for high-quality corporate bonds, the market yield rate on government bond (at the balance sheet date) is used.

B. Re-measurements arising on defined-benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. The related expenses of the past service cost are immediately recognized as profit or loss.

3. Termination benefits

Refer to when companies decide to terminate the employees before the normal retirement date, or when employees decide to accept the benefits in exchange for the termination. The Company recognizes expenses when it is no longer able to withdraw the offer of termination benefits or when the relevant restructuring costs are recognized, whichever is earlier. Liabilities that are not expected to be paid off within twelve months from the balance sheet date should be discounted.

4. Employees' bonuses and directors' and supervisors' remuneration

Employees' bonuses and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XXIII) Share-based payment to employees

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at

fair value, and it is recognized as compensation costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(XXIV) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted by the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(XXV) Capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental costs, is recognized as a deduction of shareholders' equity with the net amount after tax. When the purchased shares are subsequently reissued, the difference between the consideration received and the book value after deducting any directly attributable incremental costs and the impact of income tax is recognized as an adjustment to shareholders' equity.

(XXVI) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as dividends to be distributed and transferred to be common stocks and share premium on the record date of issuance of new shares.

(XXVII) Recognized revenue

1. The Company manufactures and sells photomasks. The sales revenue is recognized when the control of the product is transferred to the customer. That is, once products are delivered to customers, the customers have discretion on the channel and price of product sales, and the Company has no outstanding performance obligations that may affect customers' acceptance of the products. The delivery of products occurs when products are shipped to a designated location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.
2. The time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Company has not adjusted the transaction price to reflect the time value of money.
3. Accounts receivable are recognized when goods are delivered to customers. The Company has unconditional rights to the contract price, and will be able to collect the amount from the customers after the time has passed.

Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

The preparation of these standalone financial statements requires the management to make critical judgments in applying the Company’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please see the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(I) Important judgments adopted by the accounting policies

Not applicable.

(II) Critical accounting estimates and assumptions

Evaluation of Inventories

As the inventory is measured based on the lower of cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of the inventory on the balance sheet date. Due to the rapid changes in technology, the Company has to assess the wear and tear, obsolescence and market value of inventory at the balance sheet date, and write down the inventory cost to the net realizable value. The inventory valuation is mainly based on the estimated demand in a specific period in the future, so significant changes may occur.

As of December 31, 2020, the book value of the Company's inventory was NT$110,856.

Statements of main accounting items

(I) Cash

	December 31, 2020	December 31, 2019
Demand Deposit	$ 452,038	$ 320,237
Time deposits	41,800	161,720
Total	$ 493,838	$ 481,957

1. The credit of the financial institutions that the company has been dealing with is good, and the company has been dealing with many financial institutions to disperse credit risk, and it is expected that the probability of counterparty default is remote.

2. The Company has not pledged cash to others.

(II) Financial assets at fair value through profit and loss

Items	December 31, 2020	December 31, 2019
Non-current items:		
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	$ 197,506	$ 150,000
Not listed, OTC or emerging stock board stocks	17,716	36,402
	215,222	186,402
Valuation adjustment	(67,590)	182,488
	$ 147,632	$ 368,890

1. Financial assets at fair value through profit or loss are detailed as follows:

	2020	2019
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	($ 254,506)	$ 222,908
Not listed, OTC or emerging stock board stocks	(25,995)	5,582
	($ 280,501)	$ 228,490

2. The Company has no financial assets at fair value through profit or loss pledged to others.

3. Please see Note 12 (2) and (3) for the price risk and fair value information related to financial assets at fair value through profit or loss.

(III) Financial assets measured at amortized cost

Items	December 31, 2020	December 31, 2019
Current items:		
Time deposits	$ 3,000	$ 3,000
Non-current items:		
Time deposits	$ 35,422	$ 29,418

1. Financial assets at amortized cost is recognized in the profit or loss shown as follows:

	2020	2019
Interest income	$ 138	$ 190

2. While not considering the collaterals or other credit enhancements, the financial assets at amortized cost held by the Group had the maximum exposure of credit risk at $38,422 and $32,418 as of December 31, 2020 and 2019, respectively.
3. Please see Note 8 how the Company provides financial assets at amortized cost as a pledged collateral.

(IV) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes Receivables	$ 29	$ -
Accounts Receivables	$ 425,974	$ 369,881
Accounts Receivables－Related Parties	9,003	8,970
	434,977	378,851
Less: Loss allowance	(968)	(1,568)
	$ 434,009	$ 377,283

2. Aging of accounts receivable notes receivable is as follows:

	December 31, 2020		December 31, 2019	
	Accounts Receivables	Notes Receivables	Accounts Receivables	Notes Receivables
Not past due	$ 381,537	$ 29	$ 301,945	$ -
Up to 30 days	43,655	-	60,809	-
31-90 days	8,267	-	13,552	-
91-180 days	1,362	-	2,545	-
More than 181 days past due	156	-	-	-
	$ 434,977	$ 29	$ 378,851	$ -

The above is an aging report based on the number of days past due.

2. As of December 31, 2020 and 2019, accounts receivable and notes receivable were from contracts with customers. The balances of notes and accounts receivable as of January 1, 2019 was NT$344,055.
3. While not considering the collaterals or other credit enhancements, the accounts receivable held by the Company had the maximum exposure of credit risk at $434,009 and $377,283, respectively, as of December 31, 2020 and 2019.
4. Please refer to Note 12 (2) for the information on credit risk of accounts receivable.

(V) Inventories

	December 31, 2020		
	Cost	(Gain from reversal of) loss allowance on decline in market value of inventories	Book value
Raw materials	$ 107,837	($ 5,212)	$ 102,625
Work in process	7,264	-	7,264
Finished goods	967	-	967
Total	$ 116,068	($ 5,212)	$ 110,856

	December 31, 2019		
	Cost	(Gain from reversal of) loss allowance on decline in market value of inventories	Book value
Raw materials	$ 107,188	($ 5,125)	$ 102,063
Work in process	4,026	-	4,026
Finished goods	31,656	-	31,656
Total	$ 142,870	($ 5,125)	$ 137,745

The cost of inventories recognized as losses by the Company.

	2020	2019
	$	$
Cost of goods sold	1,323,738	1,144,790
Loss on falling prices of inventory and inventory obsolescence	87	159
	$ 1,323,825	$ 1,144,949

(VI) Investment under Equity Method

	December 31, 2020	December 31, 2019
SunnyLake Park International Holdings, Inc.	$ 5,355	$ 5,699
Youe Chung Capital Corporation	1,359,028	479,446
Innova Vision INC.	520	-
Advagene Biopharma Co., Ltd.	69,308	76,724
Miracle Technology CO., LTD.	384,228	309,025
Weida Hi-Tech Company	85,425	214,130
	$ 1,903,864	$ 1,085,024

1. For information on the Company's subsidiaries, please refer to Note 4 (3) of 2020 consolidated financial statements.
2. Innova Vision issued new shares for a cash capital increase on May 3, 2019. The Company did

not subscribe to shares to keep up with the shareholding, which caused the shareholding to drop to 17.81%, thus losing the control of the company. Therefore, the Company ceased to invest in Innova Vision using the equity method from that date. Please refer to Note 6 (30) of the 2020 consolidated financial report for details. Innova Vision held an extraordinary general meeting of shareholders on December 16, 2020 to elect new directors. The Company's subsidiary Youe Chung Capital Corporation won all of the director seats, obtaining substantial control of this company, and then negotiated with other shareholders to acquire their shares, accumulating the shareholding to 60.02%. From that date on, the investment in that company adopted the equity method. Please see Note 6 (29) of the Company's 2020 consolidated financial statements for details. As for December 31, 2020, the Company's and the subsidiary's shareholding of Innova Vision was 16.21%.

(VII) Property, plant and equipment

	Buildings and structures (including land)	Machinery and equipment	Transportation equipment	Office equipment	Unfinished construction and equipment to be inspected	Total
January 1, 2020						
Cost	$ 1,002,772	$ 1,545,698	$ 2,189	$ 15,235	$ 253,644	$ 2,819,538
Accumulated depreciation	(529,905)	(911,358)	(1,338)	(6,969)	-	(1,449,570)
	$ 472,867	$ 634,340	$ 851	$ 8,266	$ 253,644	$ 1,369,968
2020						
January 1	$ 472,867	$ 634,340	$ 851	$ 8,266	$ 253,644	$ 1,369,968
Additions	1,086,372	903,958	570	7,424	123,585	2,121,909
Disposals - Cost	-	(89)	-	-	-	(89)
Disposal - Accumulated depreciation	-	27	-	-	-	27
Depreciation	(37,015)	(158,993)	(412)	(4,244)	-	(200,664)
Reclassification - Cost	(532,819)	229,017	-	-	(242,056)	(545,858)
Reclassification - Accumulated depreciation	910	-	-	-	-	910
December 31	$ 990,315	$ 1,608,260	$ 1,009	$ 11,446	$ 135,173	$ 2,746,203
December 31, 2020						
Cost	$ 1,556,325	$ 2,678,584	$ 2,759	$ 22,659	$ 135,173	$ 4,395,500
Accumulated depreciation	(566,010)	(1,070,324)	(1,750)	(11,213)	-	(1,649,297)
	$ 990,315	$ 1,608,260	$ 1,009	$ 11,446	$ 135,173	$ 2,746,203

	Buildings and structures (including land)	Machinery and equipment	Transportation equipment	Office equipment	Unfinished construction and equipment to be inspected	Total
January 1, 2019						
Cost	$ 1,482,944	$ 1,955,719	$ 11,727	$ 19,372	$ 15,346	$ 3,485,108
Accumulated depreciation	(997,953)	(1,619,623)	(4,177)	(8,221)	-	(2,629,974)
	$ 484,991	$ 336,096	$ 7,550	$ 11,151	$ 15,346	$ 855,134
2019						
January 1	$ 484,991	$ 336,096	$ 7,550	$ 11,151	$ 15,346	$ 855,134
Additions	22,080	386,836	-	943	243,563	653,422
Disposals - Cost	(506,556)	(796,857)	-	(5,080)	-	(1,308,493)
Disposal - Accumulated depreciation	506,556	796,857	-	5,080	-	1,308,493
Depreciation	(38,508)	(88,592)	(365)	(3,828)	-	(131,293)
Reclassification - Cost	4,304	-	(9,538)	-	(5,265)	(10,499)
Reclassification - Accumulated depreciation	-	-	3,204	-	-	3,204
December 31	$ 472,867	$ 634,340	$ 851	$ 8,266	$ 253,644	$ 1,369,968
December 31, 2019						
Cost	$ 1,002,772	$ 1,545,698	$ 2,189	$ 15,235	$ 253,644	$ 2,819,538
Accumulated depreciation	(529,905)	(911,358)	(1,338)	(6,969)	-	(1,449,570)
	$ 472,867	$ 634,340	$ 851	$ 8,266	$ 253,644	$ 1,369,968

1. The capitalized borrowing costs for property, plant and equipment and their interest rates are as follows:

	2020	2019
Capitalized amount	$ 2,364	$ 943
Range of capitalized interest	1.797%	1.797%

2. The major components of the Company's houses and buildings include land, buildings and factory renovation projects. Except for land, they are depreciated for 3 to 56 years.
3. Information on property, plant and equipment pledged to others as collateral is provided in Note 8.
4. The abovementioned property, plant and equipment of the Company are for self-use.

(VIII) Leasing arrangements - lessee

1. The underlying assets leased by the Company include land, buildings and company vehicles, and the leasing contracts are typically made for periods of 3 to 20 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.
2. The leased underlying assets were other equipment of low value.
3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Book value	Book value
Land	$ 390,879	$ 313,911
Buildings and structures	1,926	2,506
Transportation equipment (company vehicles)	3,064	3,154
	$ 395,869	$ 319,571

	2020	2019
	Depreciation	Depreciation
Land	$ 12,341	$ 11,564
Buildings and structures	876	871
Transportation equipment (company vehicles)	2,326	3,179
	$ 15,543	$ 15,614

4. For 2020 and 2019, the increases of right-of-use assets were $93,052 and $0, respectively. The decreases of right-of-use assets of the Company in 2020 and 2019 were $1,211 and $826, respectively.
5. The information on profit or loss items related to lease contracts is as follows:

	2020	2019
Items affecting current profit and loss		
Interest expenses on lease liabilities	$ 3,919	$ 3,846

Lease of low-value assets	208	311

6. The Company's total cash outflow on leases for 2020 and 2019 was $21,143 and $17,135, respectively.

7. Options to extend or terminate leases

   In determining lease terms, the Company into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate.

(IX) Leasing arrangements - lessor

1. The Company leases out assets such buildings. The lease contracts are typically made for periods of 1 to 5 years. The terms of lease contracts are negotiated separately and include various terms and conditions. In order to preserve the condition of leased assets, the Group usually requires lessees not to pledge the underlying leased assets.
2. The Company recognized rental income of $30,915 and $7,982 based on operating lease contracts in 2020 and 2019, respectively, and none of the lease contracts were variable lease payments.
3. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020	December 31, 2019
2020	$ -	$ 6,151
2021	103,805	4,884
2022	92,421	4,884
2023	190,300	3,806
Total	$ 386,526	$ 19,725

(X) Real estate investment

	Buildings and structures
January 1, 2020	
Cost	$ -
Accumulated depreciation	-
	$ -
2020	
January 1	$ -
Reclassification - Cost	545,788
Reclassification - Accumulated depreciation	(910)
Depreciation	-
December 31	$ 544,878
December 31, 2020	
Cost	$ 545,788

Accumulated depreciation	(910)
	$ 544,878

December 31, 2019: None.

1. Rental income and direct operating expenses of investment real estate:

	2020	2019
Rental income from investment property	$ 9,667	$ -
Direct operating expenses incurred by investment property that generates rental income for the period	$ 707	$ -

2. The fair value of the investment property held by the Corporate Group as of December 31, 2020 and 2019 were $544,878 and $0, respectively. They were valuated using the income method and were of Level 3 fair value, and the major assumptions are as follows:

	December 31, 2020	December 31, 2019
Discount rate	5.03%	-
Annual rent (net income)	$ 58,497	$ -
Number of years	2~20	-

3. No capitalization of interest for investment property in 2020 and 2019.
4. As of December 31, 2020 and 2019, the investment properties had been used as collaterals.

(XI) Short Term Loans

Type of borrowings	December 31, 2020	Range of interest rate	Collateral
Bank credit loan	$ 1,381,000	0.900%～1.797%	None
Funds borrowed from banks to purchase materials	67,600	0.888%～1.060%	None
	$ 1,448,600		

Type of borrowings	December 31, 2019	Range of interest rate	Collateral
Bank credit loan	$ 700,000	1.050%～1.797%	None

The interest expenses recognized in profit and loss in 2020 and 2019 were $13,976 and $9,817, respectively.

(XII) Other Payables

	December 31, 2020	December 31, 2019

Payroll and bonus payable	$ 37,150	$ 22,637
Director and supervisor remuneration and employee bonus payable	103,865	79,393
Payable on equipment	41,895	100,062
Machine maintenance payable	31,851	28,355
Others	74,206	73,204
	$ 288,967	$ 303,651

(XIII) Long-term Loans

Type of borrowings	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2020
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between 2019/12/20 and 2022/08/12.	1.797%	Houses and buildings and machine and equipment (Note)	$ 871,427
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between 2020/11/09 and 2022/08/14.	1.070%	Houses and buildings and investment property	850,000
				-
				1,721,427
Less: Long-term borrowings (including current portion)				(87,143)
				$ 1,634,284

Type of borrowings	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2019
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between 2019/12/20 and 2022/08/12.	1.797%	Houses and buildings and machine and equipment (Note)	$ 414,427

Credit loan	Repaid in instalments and different amounts according to the agreed period between 2019/12/20 and 2022/08/12.	1.658%	None	30,000
				-
				444,427
Less: Long-term borrowings (including current portion)				(9,000)
				$ 435,427

Note: According to the loan contract provisions of some banks, the Company shall maintain a specific debt-to-equity ratio and interest solvency every six months during the loan duration.

(XIV) Pensions

1. (1) The Company operates a defined-benefit pension plan in accordance with the Labor Standards Act, which cover all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company contributes a monthly amount equal to 2% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by the end of next March.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 22,557)	($ 24,072)
Fair value of plan assets	4,916	4,957
Defined Benefit Liabilities	($ 17,641)	($ 19,115)

(3) Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit	Fair value of plan assets	Defined Benefit Liabilities

	obligations		
2020			
Balance on January 1	($ 24,072)	$ 4,957	($ 19,115)
Current service cost	(123)	-	(123)
Interest (expense) income	(193)	48	(145)
	(24,388)	5,005	(19,383)
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	188	188
Change in financial assumptions	(1,307)	-	(1,307)
Change in demographic assumptions	(261)	-	(261)
Experience adjustments	1,139	-	1,139
	(429)	188	(241)
Pension fund contribution	-	1,983	1,983
Paid pension	2,260	(2,260)	-
Balance on December 31	($ 22,557)	$ 4,916	($ 17,641)

	Present value of defined benefit obligations	Fair value of plan assets	Defined Benefit Liabilities
2019			
Balance on January 1	($ 26,622)	$ 7,054	($ 19,568)
Current service cost	(120)	-	(120)
Interest (expense) income	(299)	82	(217)

	(27,041)	7,136	(19,905)
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	222	222
Change in financial assumptions	(1,012)	-	(1,012)
Change in demographic assumptions	(203)	-	(203)
Experience adjustments	1,429	-	1,429
	214	222	436
Pension fund contribution	-	354	354
Paid pension	2,755	(2,755)	-
Balance on December 31	($ 24,072)	$ 4,957	($ 19,115)

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than the aforementioned rates, government shall make payments for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating the fund and hence the Company is unable to disclose the classification of fair value of plan asset in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	2020	2019
Discount rate	0.35%	0.80%
Future salary increases	2.125%	2.125%

Assumptions regarding future mortality experience are set based on the Taiwan

Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changes, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease
December 31, 2020 Effect on present value of defined benefit obligation	($ 733)	$ 765	$ 734	($ 708)
December 31, 2019 Effect on present value of defined benefit obligation	($ 786)	$ 820	$ 790	($ 762)

The sensitivity analysis above analyzes the impact from changing one of the assumptions while others remain constant. In practice, more than one assumption may change all at once. The sensitivity analysis is the same with the method used to calculate the net pension liabilities of the balance sheet.

(6) The expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 are $2,133.

(7) As of December 31, 2020, the weighted average duration of the retirement plan is 14 years.

2. (1) Starting July 1, 2005, the Company has established a retirement plan based on the Labor Pension Act applicable to the domestic employees. Under the new plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) For 2020 and 2019, the pension costs recognized by the Company in accordance with the abovementioned pension measures were $7,736 and $7,007, respectively.

(XV) Capital

1. As of December 31, 2020, the Company's authorized capital was $5,000,000, consisting of 500,000 thousand shares (including 20,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was $2,527,136 with a par value of NT$10. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

Unit: Thousand shares

	2020	2019
January 1	198,400	195,632

Treasury stocks transfer to employees	17,232	2,768
Treasury Stock Buyback	(10,000)	-
December 31	205,632	198,400

2. Treasury stock

(1) Reasons for repurchase of shares and changes in the quantity:

		December 31, 2020	
Company name of the shareholding	Reasons for buyback	Number of shares (thousand)	Book value
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	37,081	$ 527,678
The Company	Transfer shares to employees	10,000	306,920
		47,081	$ 834,598

		December 31, 2019	
Company name of the shareholding	Reasons for buyback	Number of shares (thousand)	Book value
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	37,081	$ 527,678
The Company	Transfer shares to employees	17,232	307,654
		54,313	$ 835,332

(2) The Company bought back a total of 20,000 thousand shares of treasury stocks in Q3 2017, with a book value of N$17.85 per share, of which 2,768 thousand shares and 17,232 thousand shares were issued in the Q1 of 2019 and 2020, respectively. The employee immediately obtains the shares on the same day, and the transfer of related treasury stocks has been completed.

(3) Remuneration costs related to the transfer of treasury stocks of the Company in 2020 and 2019 were $75,779 and $84,922, respectively.

(4) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.

(5) The shares bought back by the Company in accordance with the Securities and Exchange Act shall not be pledged. Before transfer, shareholders are not entitled to the shareholders' rights.

(6) According to the provisions of the Securities and Exchange Act, the share repurchased to be transferred to employees shall be transferred within three years from the date of the purchase. If the transfer is not made within the time limit, the shares are deemed as unissued shares, and change of registration shall be made to cancel the shares. In order to maintain the Company’s credit and shareholders equity, the shares bought back should have the registration changed to cancel the shares within six months from the date of the purchase.

(7) The Company's stock held by the subsidiary Youe Chung Capital is treated as treasury stock. As of December 31, 2020 and 2019, Youe Chung Capital held 37,081 thousand shares of the Company. The average book value per share was NT$14.23, and the fair value per share was NT$40.35 and NT$34.45, respectively. The cost of transferring treasury stocks is calculated based on the book value of the Company's stock held by Youe Chung Capital and the Company's indirect shareholding during each period.

(8) The Ccompany was approved by the board of directors on August 5, 2020, to buy back 10,000 thousand shares of the Company in the centralized trading market and transfer them to employees, and the number of shares repurchased accounted for 3.96% of the total issued shares. The buy-back was completed and executed between August 6 and September 30, 2020.

(XVI) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient. The following is a breakdown of the capital reserve:

	Trading of treasury stock	Changes in ownership interests in subsidiaries recognized	Employee stock options	Equity changes in affiliates	Others	Total
January 1, 2020	$ 187,873	$ 27,255	$ 98,152	$ 9,181	$ 316	$322,777
Adjustment of capital reserve by dividends paid to subsidiaries	37,081	-	-	-	-	37,081
Changes in shares of affiliates recognized under the equity method	-	(21,158)	-	9,359	-	(11,799)
Share-based payment transaction	186,425	-	(98,152)	-	-	88,273
Unclaimed dividends of shareholders	-	-	-	-	3,566	3,566
December 31, 2020	$ 411,379	$ 6,097	$ -	$ 18,540	$3,882	$439,898

	Trading of treasury stock	Changes in ownership interests in subsidiaries recognized	Employee stock options	Equity changes in affiliates	Others	Total
January 1, 2019	$ 145,471	$ 16,904	$ 7,056	$ -	$ -	$169,431
Adjustment of capital reserve by dividends paid to subsidiaries	30,926	-	-	-	-	30,926
Difference between actual acquisition price and carrying value of equity in subsidiaries	-	(5,333)	-	-	-	(5,333)
Changes in shares of affiliates recognized under the equity method	-	15,684	(7,056)	9,181	-	17,809
Share-based payment transaction	11,476	-	98,152	-	-	109,628
Unclaimed dividends of shareholders	-	-	-	-	316	316
December 31, 2019	$ 187,873	$ 27,255	$ 98,152	$ 9,181	$ 316	$322,777

(XVII) Retained earnings

1. According to the Articles of Incorporation, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.
2. The Company takes into account the overall business environment, industrial growth, and the Company's long-term financial planning for stable operation and development to adopt a residual dividend policy, which is mainly based on the Company's future capital budgeting plan to measure the annual capital needs. After using the retained earnings for funding, the remaining surplus will be distributed in the form of dividends, and the distribution steps are shown as follows:

   (1) Decide on the best capital budgeting.

   (2) Decide on the financing required for one of the capital budgeting items.

   (3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).

(4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.

3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

5. The Company's board of directors resolved on March 15, 2021 to distribute a cash dividend of NT$1.50 per ordinary share from the 2020 surpluses, with a total dividend of $359,570. The proposal is yet to be resolved by the shareholders' meeting.

6. The Company's shareholders meeting resolved on June 10, 2020 to distribute a cash dividend of NT$1.07 per ordinary share from the 2019 surpluses, with a total dividend of $252,714.

7. The Company's shareholders meeting resolved on June 11, 2019 to distribute a cash dividend of NT$0.834 per ordinary share from the 2018 surpluses, with a total dividend of $194,083.

(XVIII) Other equity interests

	2020		
	Unrealized gains and losses	Foreign currency translation	Total
January 1	($ 2,666)	$ 794	($ 1,872)
Difference in foreign currency translation	-	2,761	2,761
December 31	($ 2,666)	$ 3,555	$ 889

	2019		
	Unrealized gains and losses	Foreign currency translation	Total
January 1	$ -	$ 7,853	$ 7,853
Valuation adjustment	(2,666)	-	(2,666)
Difference in foreign currency translation	-	(7,059)	(7,059)
December 31	($ 2,666)	$ 794	($ 1,872)

(XIX) Operating revenue

	2020	2019
Revenue from contracts with customers	$ 2,175,018	$ 1,658,131

1. Segmentation of revenue from contracts with customers

The Company derives its revenue from the transfer of goods and services either over time or at a point in time. The revenue can be divided into the following main product lines:

2020	Sales of photomasks
Revenue from contracts with external customers	$ 2,175,018
Cut-off point of income recognition	
Income recognized at a particular point in time	$ 2,096,121
Income recognized gradually over time	78,897
	$ 2,175,018

2019	Sales of photomasks
Revenue from contracts with external customers	$ 1,658,131
Cut-off point of income recognition	
Income recognized at a particular point in time	$ 1,658,131

2. Contract Liabilities

(1) Contract liabilities related to contracts with customers recognized by the Company:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract Liabilities	$ 6,131	$ 6,310	$ 21,857

(2) Contract liabilities at the beginning of the period recognized as revenue of the period

	2020	2019
Opening balance of contract liabilities recognized in the current period (Including transfer of other income)	$ 4,561	$ 16,222

(XX) Interest income

	2020	2019
Interest from bank deposits	$ 1,549	$ 2,054

Interest income from financial assets measured at amortized cost	138	190
Interest income from related parties	8,397	12,805
Other interest incomes	1,318	31
	$ 11,402	$ 15,080

(XXI) Other Incomes

	2020	2019
Rental income	$ 30,915	$ 7,982
Dividend income	-	4,095
Other income -- Others	1,650	10,703
	$ 32,565	$ 22,780

(XXII) Other Gains and Losses

	2020	2019
Disposal of investment losses (gains)	($ 6,642)	$ 8,126
Gain on lease modifications	2,486	-
Losses from exchange	(10,445)	(4,673)
Gains or losses of financial assets at fair value through profit or loss	(254,506)	220,364
Impairment Loss of Financial Assets	(98,416)	-
Other miscellaneous expenses	(2,308)	-
	($ 369,831)	$ 223,817

(XXIII) Financial Costs

	2020	2019
Interest Incomes	$ 30,108	$ 15,316
Less: Amount of capitalization of qualifying assets	(2,364)	(943)
	$ 27,744	$ 14,373

(XXIV) Expenses by nature

	2020	2019
Employee benefits expenditure	$ 380,381	$ 334,135
Depreciation	216,207	146,907
Amortization expense	3,302	1,972

(XXV) Employee benefits expenditure

	2020	2019
Payroll expenses	$ 271,738	$ 219,135
Employee stock options	75,779	84,922
Labor and health insurance fees	16,568	15,205

Pension expense	8,004	7,344
Other personnel expenses	8,292	7,529
	$ 380,381	$ 334,135

1. According to the Articles of Incorporation, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any.
2. For 2020 and 2019, employees' remuneration was accrued at $85,723 and 53,404, respectively, and director remunerations was accrued at $16,969 and $10,522, respectively. The amounts were listed as payroll expenses.

   The employee remuneration and director remuneration were estimated and accrued based on 10.09% and 2.0% of profit of current year distributable for the year ended December 31, 2020, respectively.

   The employee remuneration and director remuneration resolved by the Board of Directors for 2019 were $55,000 and $10,000, respectively, which were different from $53,404 and $10,522 recognized in the 2018 financial report by $1,596 and ($522). This is mainly due to changes in estimates which have been adjusted to the income of 2020.

   Information about employees remuneration and director remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System".

(XXVI) Income tax

1. Income tax expense

   Components of income tax expense:

	2020	2019
Current tax:		
Current tax on profits for the year	$ 64,393	$ 34,251
Additional surtax on undistributed earnings	-	1
Over provision of prior year's income tax	-	601
Total current tax	64,393	34,853
Deferred income tax:		
Origination and reversal of temporary differences	(1,400)	(1,281)
Total deferred income tax	(1,400)	(1,281)
Income Tax Expense	$ 62,993	$ 33,572

2. Reconciliation between income tax expense and accounting profit

	2020	2019

Tax calculated based on profit before tax and statutory tax rate	$ 149,378	$ 92,965
Additional surtax on undistributed earnings	-	1
Impact tax deductibles of investment	-	(3,084)
Tax-exempt income under the tax law	(94,758)	(56,810)
Changes in assessment of realizability of deferred income tax assets	8,373	(101)
Over provision of prior year's income tax	-	601
Income Tax Expense	$ 62,993	$ 33,572

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2020				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Temporary differences:					
- Deferred income tax assets:					
Unrealized exchange loss	1,048	966	-	-	2,014
Subtotal	$ 1,048	$ 966	$ -	$ -	$ 2,014
- Deferred income tax liabilities:					
Unrealized gain on exchange	($ 660)	$ 434	$ -	$ -	($ 226)
Total	$ 388	$ 1,400	$ -	$ -	$ 1,788

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Temporary differences:					
- Deferred income tax assets:					
Unrealized exchange loss	$ 6	1,042	-	-	$ 1,048
Total	$ 6	$ 1,042	$ -	$ -	$ 1,048
- Deferred income tax liabilities:					
Unrealized gain on exchange	($ 899)	$ 239	$ -	$ -	($ 660)
Total	($ 893)	$ 1,281	$ -	$ -	$ 388

4. Deductible temporary difference not recognized as deferred income tax assets

	December 31, 2020	December 31, 2019
Deductible temporary difference	$ 105,405	$ 106,043

5. The Company's income tax returns through 2018 have been assessed and approved by the tax authority.

(XXVII) Earnings per share

	2020		
	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (in dollars)
Earnings per share			
Profit attributable to ordinary shareholders	$ 683,897	204,801	$ 3.34
Diluted Earnings per share			
Profit attributable to ordinary shareholders	$ 683,897	204,801	
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	2,599	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 683,897	207,400	$ 3.30

	2019		
Earnings per share	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (in dollars)
Profit attributable to ordinary shareholders	$ 431,254	196,474	$ 2.19
Diluted Earnings per share			
Profit attributable to ordinary shareholders	$ 431,254	196,474	
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,765	
Profit attributable to ordinary shareholders	$ 431,254	198,239	$ 2.18

The weighted average number of shares outstanding in 2020 and 2019 has deducted the number of shares held by the subsidiary company Youe Chung Capital deemed as the Company's treasury stock (the number of shares is based on the Company's shareholding).

(XXVIII) Supplemental cash flow information

Investing activities with partial cash payments:

	2020	2019
Purchase of property, plant and equipment	$ 2,121,909	$ 653,422
Add: Opening balance of payable on equipment	100,062	75,620
Prepayments for equipment at the end of the period	4,069	173,122
Less: Ending balance of payable on equipment	(41,895)	(100,062)
Prepayments for equipment at the beginning of the period	(173,122)	(131,048)
Cash paid during the year	$ 2,011,023	$ 671,054

(XXIX) Changes in liabilities arising from financing activities

	Short Term Loans	Long-term borrowings (including current portion)	Lease liabilities	Guarantee Deposits Received	Total liabilities arising from financing activities
January 1, 2020	$ 700,000	$ 444,427	$323,213	$ 1,010	$1,468,650
Change in cash flow from financing activities	748,600	1,277,000	(17,016)	3,359	2,011,943
Interest Incomes	-	-	3,919	-	3,919
Interest Paid	-	-	(3,919)	-	(3,919)
Other non-cash transactions	-	-	93,276	-	93,276
December 31, 2020	$1,448,600	$1,721,427	$399,473	$ 4,369	$3,573,869

	Short Term Loans	Long-term borrowings (including current portion)	Lease liabilities	Guarantee Deposits Received	Total liabilities arising from financing activities
January 1, 2019	$ 591,000	$ -	$337,017	$ 36	$ 928,053
Change in cash flow from financing activities	109,000	444,427	(12,978)	974	541,423
Interest Incomes	-	-	3,846	-	3,846
Interest Paid	-	-	(3,846)	-	(3,846)
Other non-cash transactions	-	-	(826)	-	(826)
December 31, 2019	$ 700,000	$ 444,427	$323,213	$ 1,010	$1,468,650

Related-Party Transactions

(I) Related parties' names and relationship

Name of the related parties	Relationship with the Company
Miracle Technology CO., LTD.	Subsidiary
Miracle International Enterprise(Shanghai) Co., Ltd.	2nd-tier subsidiary
Youe Chung Capital Corporation	Subsidiary
Aptos Technology INC.	2nd-tier subsidiary (Note 1)
MIKO Technology Company LTD	2nd-tier subsidiary
InnoVa Vision Kabushiki Kaisha	The Company's subsidiary is a director of the parent company of this company.
Innova Vision INC.	Subsidiary (Note 2)
Powerchip Semiconductor Manufacturing Corp.	The Company's chairman is the vice chairman of the company.

Xsense Technology Corporation	Investment by the company by using the equity method.
Weida Hi-Tech Company	The Company is a director of that company

Note 1: On June 28, 2019, Aptos Technology INC. held elections for all directors at its shareholders meeting. The Company's subsidiary Youe Chung Capital Corporation won more than half of the director seats obtaining substantial control of this company. Therefore, from that date on, that company has become a second-tier subsidiary of the Company.

Note 1: The Company's shareholding of Innova Vision has dropped to 17.81% in May 2019, thus losing control of and significant influence on the company, but still held its board seats. On June 18, 2020, the Company resigned as a legal entity director of Innova Vision, and is no longer a related party of that company.

On December 16, 2020, Innova Vision held elections for all directors at its extraordinary general meeting. The Company's subsidiary Youe Chung Capital Corporation won all the director seats, obtaining substantial control of this company, and is listed as a related party to the Company.

(II) Significant transactions with the related parties

1. Operating revenue

	2020	2019
Product sales:		
Subsidiary	$ 3,067	$ 6,076
2nd-tier subsidiary	38,329	39,043
Other related party	1,022	528
	$ 42,418	$ 45,647

There are no major abnormalities in the transaction prices and payment terms of the related party compared to that of non-related parties.

2. Account receivable from related parties

	December 31, 2020	December 31, 2019
Accounts Receivables:		
Subsidiary	$ 897	$ 757
2nd-tier subsidiary	8,043	8,129
Other related party	63	84
Subtotal	9,003	8,970
Other receivables:		
Aptos Technology INC.	11,505	457
Innova Vision INC.	16,021	25,568
Other related party	3,303	-
Subtotal	30,829	26,025
Total	$ 39,832	$ 34,995

4. Loans to related parties (recognized as "Other accounts receivable -- related parties")

	2020		2019	
	Balance at the end of period	Interest income	Balance at the end of period	Interest income
Subsidiary:				
Miracle Technology CO., LTD.	$ -	$ 1,411	$ 66,190	$ 1,728
Youe Chung Capital Corporation	298,000	4,346	254,000	6,425
Innova Vision INC.	150,000	1,081	-	1,473
2nd-tier subsidiary:				
Aptos Technology INC.	140,000	1,559	-	-
Other related parties:				
Innova Vision INC.	-	-	180,000	3,179
	$588,000	$ 8,397	$500,190	$ 12,805

The loans to subsidiaires and affiliated companies are to be repaid within one year. The interests in 2020 and 2019 were charged at an annual interest rate of 2%~2.616% and 2.616%, respectively.

4. Others

	2020	2019
(1) Guarantee Deposits Received:		
2nd-tier subsidiary	$ 792	$ 950

	2020	2019
(2) Rental income:		
Subsidiary	$ 1,584	$ 4,884

2nd-tier subsidiary	13,421	1,901
Other related party	12,679	-
	$ 27,684	$ 6,785

The Company leases buildings to subsidiaries, 2nd-tier subsidiaries and other related parties. The lease contract period is from 2018 to 2023, and the rent is collected monthly.

(3) The Company participated in the cash capital increase of Youe Chung Capital and Innova Vision in 2020, and the amounts were $300,000 and $19,943, respectively.

(4) The Company issued cash dividends of $37,081 and $30,926 to Youe Chung Capital in 2020 and 2019, respectively.

(III) Compensation of key management personnel

	2020	2019
Salary and short-term employee benefits	$ 7,761	$ 8,983
Termination benefits	3,000	-
Other long-term benefits	7,480	-
Share-based payment to employees	5,200	240
	$ 23,441	$ 9,223

Pledged assets

Assets pledged by the Company as collateral are as follows:

	Book value		
Assets	December 31, 2020	December 31, 2019	Purpose
Time deposit (Recognized as "Financial assets at amortized cost - Non-current assets")	$ 35,422	$ 29,418	Guarantee of cargo out of free trade zone and lease deposit
Buildings and structures	683,814	198,314	Long-term Loans
Real estate investment	544,878	-	Long-term Loans
Machinery and equipment	1,146,700	530,872	Long-term Loans
	$ 2,410,814	$ 758,604	

Material contingent liabilities and unrecognized contractual commitments

(I) Contingencies

Not applicable.

(II) Commitments

1. Machine equipment maintenance contracts that have been signed but not yet paid

	December 31, 2020	December 31, 2019
Machine maintenance	$ 31,851	$ 28,355

2. Capital expenditures that have been signed but not yet incurred

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 153,985	$ 44,063

3. Operating lease agreement

Please see Note 6 (8) and (9)

X. Losses due to major disasters

Not applicable.

XI. Major Events after Financial Statement Date

The resolution of the Company's board on March 15, 2021 passed the appropriation of earnings. The proposal has yet to be resolved by the shareholders meeting. Please refer to Note 6 (17) for details.

XII. Others

I. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the standalone balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the standalone balance sheet plus net debt.

The Company maintained the same strategy in 2020 as in 2019. It is committed to keeping the debt-to-capital ratio under a reasonable risk level. For the years ended December 31, 2020 and 2019, the debt-to-capital ratios were as follows:

	December 31, 2020	December 31, 2019
Total borrowings	$ 3,170,027	$ 1,144,427
Less: Cash and cash equivalents	(493,838)	(481,957)
Net debt	2,676,189	662,470
Total equity	3,538,598	2,990,222
Total capital	$ 6,214,787	$ 3,652,692
Debt-to-equity ratio	43.06%	18.14%

II. Financial instruments

1. Types of financial instrument

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit and loss		
Mandatory financial assets at fair value through profit or loss	$ 147,632	$ 368,890
Financial assets measured at amortized cost		
Cash and Cash Equivalents	$ 493,838	$ 481,957
Financial assets measured at amortized cost	38,422	32,418
Notes Receivables	29	-
Accounts receivable (Including related parties)	434,009	377,283
Other accounts receivable (Including related parties)	624,116	533,212
Refundable deposit	1,397	3,078
	$ 1,591,811	$ 1,427,948
Financial liabilities		
Financial liabilities at amortized cost		
Short Term Loans	$ 1,448,600	$ 700,000
Accounts Payable	109,043	95,876
Other Payables	288,967	303,651
Long-term borrowings (including current portion)	1,721,427	444,427
Guarantee Deposits Received	4,369	1,010
	$ 3,572,406	$ 1,544,964
Lease liabilities	$ 399,473	$ 323,213

2. Risk management policies

(1) The Company’s activities expose it to a variety of financial risks, including market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and performance.

(2) Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. Company's finance department identifies, evaluates and hedges financial risks in close collaboration with the Company’s operating units. The Board provides written principles for overall risk management,

as well as written policies covering specific areas and matters, such as currency exchange risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

The Company's operations involve certain non-functional currencies (the Company's functional currency is the New Taiwan dollar (NTD), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

	December 31, 2020			
(Foreign currency: functional currency)	Foreign currency (in thousand)		Exchange rate	Book value (NT$Thousand)
Financial assets				
Monetary items				
USD : NTD	USD	16,298	28.48	$ 464,170
JPY : NTD	JPY	83,532	0.2763	23,080
Financial liabilities				
Monetary items				
USD : NTD	USD	3,447	28.48	$ 98,168
JPY : NTD	JPY	345,057	0.2763	95,339

	December 31, 2019			
(Foreign currency: functional currency)	Foreign currency (in thousand)		Exchange rate	Book value (NT$Thousand)
Financial assets				
Monetary items				
USD : NTD	USD	14,778	29.98	$ 443,046
JPY : NTD	JPY	48,841	0.2760	13,480

Financial liabilities					
Monetary items					
USD : NTD	USD	2,710	29.98	$	81,256
JPY : NTD	JPY	233,984	0.2760		64,580

B. Total exchange gain, including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Company amounted to a loss of $10,445 and a loss of $4,673 for the years ended December 31, 2020 and 2019, respectively.

C. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

	2020		
	Sensitivity Analysis		
	Fluctuation	Effect on profit or loss	Other comprehensive profit and loss affected
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 4,642	$ -
JPY : NTD	1%	231	-
Financial liabilities			
Monetary items			
USD : NTD	1%	($ 982)	-
JPY : NTD	1%	(953)	-

	2019		
	Sensitivity Analysis		
	Fluctuation	Effect on profit or loss	Other comprehensive profit and loss affected
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 4,430	$ -
JPY : NTD	1%	135	-

Financial liabilities			
Monetary items			
USD : NTD	1%	($ 813)	-
JPY : NTD	1%	(646)	-

Price risk

A. The equity instruments owned by the Company exposing to the price risk are financial assets at fair value through profit or loss.

B. The Company invests primarily in beneficiary certificates and equity instruments. The price of such equity instrument is subject to the uncertainty of the future value of investment target. If the price of such equity instrument increases or decreases by 1%, while all other factors remain unchanged, the net profit affected by equity instruments at fair value through profit or loss after tax for 2020 and 2019 is an increase of $1,476 and a decrease of $3,689, respectively.

Cash flow and fair value interest rate risk

A. The Company's interest rate risk mainly comes from long-term borrowings issued at floating rates, which exposes the Company to cash flow interest rate risk. For 2020 and 2019, the Company's borrowings issued at floating rates were mainly denominated in New Taiwan Dollars.

B. The Company's borrowings are measured at amortized cost, and the annual interest rate is re-priced according to the contract, which exposes the Company to the risk of future market interest rate changes.

C. If the long- and short-term borrowing rates increase or decrease by 1%, while all other factors remain constant, the net income after tax for 2020 and 2019 is a decrease or increase of $31,700 and $11,444, respectively, mainly due to the interest expense changes caused by the floating interest rate.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable and the contract cash flow from debt instruments measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

B. The management of credit risk is established with a Company perspective. Only the banks and financial institutionals with an independent credit rating of at least "A" can be accepted as transaction partners of the Group. According to the internal credit policy, each operating entity of the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

C. The Company considers a contract payment overdue in accordance with the agreed payment terms a breach of contract.

D. The Company uses IFRS 9 to provide the following assumption as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:

(A) If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.

(B) For bond investments in Taipei Exchange, if any external rating agency rates it as an investment grade on the balance sheet date, the credit risk of the financial asset is considered low.

E. The Company uses the following indicators to determine the status of credit impairments of debt instruments:

(A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.

(B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.

(C) The issuer delays or does not pay for the interest or principal.

(D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer's default.

F. The Company categorizes the accounts receivable from customers based on the characteristics of trade credit risks. The simplified approach is adopted for estimating the expected credit loss based on the provision matrix.

G. The Company may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Company will continue the recourse to protect the rights of the claims.

H. The Company has incorporated forward-looking considerations to adjust the loss rate built according to historic and current data in order to estimate the loss allowance of accounts receivables. The provision matrix for the years ended December 31, 2020 and 2019 are shown as follows:

	Not past due	30 days past due	31 to 90 days past due	91 to 180 days past due	181 to 360 days past due	Total
December 31, 2020						
Expected loss rate	0.01%	0.15%	1.36%	3.62%	41.84%~100%	
Total book value	$381,537	$43,655	$ 8,267	$ 1,362	$ 156	$434,977
Loss allowance	$ -	$ -	($ 413)	($ 477)	($ 78)	($ 968)

	Not past due	30 days past due	31 to 90 days past due	91 to 180 days past due	181 to 360 days past due	Total
December 31, 2019						
Expected loss rate	0.01%	3.22%	19.02%	22.57%	50%~100%	
Total book value	$301,945	$60,809	$ 13,552	$ 2,545	$ -	$378,851
Loss allowance	$ -	$ -	($ 677)	($ 891)	$ -	($ 1,568)

I. The Company adopts a simplified method in which the loss allowance for the accounts receivable is shown as follows:

	2020 Accounts Receivables
January 1	$ 1,568
Reversal for the period	(600)
December 31	$ 968

	2019 Accounts Receivables
January 1	$ 776
Recognize impairment loss	792
December 31	$ 1,568

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Company and aggregated by the Company's finance department. It monitors rolling forecasts of liquidity requirements to ensure the Company has sufficient cash to meet operational needs.

B. The remaining cash held by each operating entity will be transferred back to the Company's finance department. The finance department of the Company invests the remaining funds in interest-bearing demand deposits, time deposits, financial assets at fair value through profit or loss, financial assets at amortized cost (time deposits with a maturity of more than 3 months and less than 12 months), as the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. For the years ended December 31, 2020 and 2019, the position of money market held by the Company is at $496,838 and $484,957, respectively, and is expected to generate immediate cash flow to manage liquidity risk.

C. The Company's unutilized borrowings are shown as follows:

	December 31, 2020	December 31, 2019
Floating rate		
Mature within one year	$ 873,400	$ 768,000
Maturity of more than 1 year	363,851	798,573
Fixed rate		
Mature within one year	-	-
	$ 1,237,251	$ 1,566,573

D. The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net or total amount, grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2020	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:				
Short Term Loans	$1,448,600	$ -	$ -	$ -
Accounts Payable	109,043	-	-	-
Other Payables	288,967	-	-	-
Lease liabilities	20,846	20,846	57,779	365,950
Long-term borrowings (including current portion)	91,408	1,696,463	-	-
Guarantee Deposits Received	-	4,369	-	-

December 31, 2019	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:				
Short Term Loans	$ 700,000	$ -	$ -	$ -
Accounts Payable	95,876	-	-	-
Other Payables	303,651	-	-	-
Lease liabilities	14,596	14,596	41,638	301,529
Long-term borrowings (including current portion)	16,907	226,469	217,685	-
Guarantee Deposits Received	-	1,010	-	-

(III.) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in stocks of publicly traded or OTC firms and beneficiary certificates is included in Level 1.

   Level 2:Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3:Unobservable inputs for the asset or liability. The fair value of the Company's investment in stocks of non-publicly traded or non-OTC firms is included in Level 3.

2. Financial instruments not measured at fair value

   Cash and cash equivalents, notes receivable, accounts receivable, other receivable, short-term borrowings, notes payable, accounts payable and other payable as reasonable approximation of fair value.

3. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss - Equity securities	$ 140,500	$ -	$ 7,132	$ 147,632
	$ 140,500	$ -	$ 7,132	$ 147,632

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit and loss				
Equity securities	$ 347,500	$ -	$ 21,390	$ 368,890
	$ 347,500	$ -	$ 21,390	$ 368,890

4. The methods and assumptions adopted by the Company for assessing the fair value are as follows:

   (1) The Company adopt market pricing as the input of fair value (i.e. Level), and the breakdown of the characteristics of the instrument is as follows:

	Shares of listed and OTC company	Open-end funds
Market price	Closing price	Net Value

(2) Except for the abovementioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained using valuation techniques. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the date of the standalone balance sheet (for example, the Taipei Exchange refers to the yield curve, the Reuters adopts the average quotation of interest rate of commercial promissory notes).

(3) The output of the valuation model is the estimated value, and the valuation technique may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Company. Therefore, the estimated value of the valuation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policies and related control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the standalone balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully assessed and appropriately adjusted according to current market conditions.

(4) The Company incorporates credit risk valuation adjustments into the consideration of fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of the Company, respectively.

5. There were no transfers between Level 1 and 2 in 2020 and 2019.

6. The following table shows the changes in Level 3 in 2020 and 2019:

	Equity instruments
January 1, 2020	$ 21,390
Acquisition cost of the period	19,943
Return of capital by investee company	(8,206)
Recognize impairment loss	(25,995)
December 31, 2020	$ 7,132

	Equity instruments
January 1, 2019	$ 17,430
Return of capital by investee company	(2,092)
Transferred to Level 3	6,052
December 31, 2019	$ 21,390

7. The quantitative information about the significant unobservable input value of the valuation model and the sensitivity analysis of the significant unobservable input value change used in the Level 3 fair value measurements are explained as follows:

December 31, 2020

	Fair value	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Relationship between inputs and fair value
Non-derivative equity instruments:					
Shares of non-listed and non-OTC company	$ 7,132	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value.

December 31, 2019

	Fair value	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Relationship between inputs and fair value
Non-derivative equity instruments:					
Shares of non-listed and non-OTC company	$21,390	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value.

8. The Company has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurement. For financial assets or liabilities classified in Level 3, changes in valuation parameters have the following impacts on the income or other comprehensive income of the period:

			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes	Favorable changes	Adverse changes
Financial assets						
Equity instruments	Net asset value	± 1%	$ 71	($ 71)	$ -	$ -

			December 31, 2019			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes	Favorable changes	Adverse changes
Financial assets						
Equity instruments	Net asset value	± 1%	$ 214	($ 214)	$ -	$ -

XIII. Supplementary Disclosure

I. Significant transactions information

1. Loans to others: Please refer to Table I.

2. Provision of endorsements and guarantees to others: Please refer to Table II.

3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please see Table III.

4. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of the Company's paid-in capital: Please see Table II.

5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None. Please see Table V.

6. Disposal of real estate exceeding $300 million or 20% of paid-in capital or more: None.

7. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

9. Engaged in derivative trading: None.

10. Significant inter-company transactions during the reporting periods: Please refer to Table VI.

II. Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Table VII.

III. Information on investments in China

Please see Table VIII.

IV. Information on Major Shareholders

Please see Table IX.

Segments information

Not applicable.

Taiwan Mask Corporation and Subsidiaries
Loans to Others
For the Year Ended December 31, 2020

Table I

Unit: NT$Thousand
(Unless otherwise specified)

Code (Note 1)	Company that lent funds	Borrowing party	General ledger account	Related party?	Maximum balance of the period	Balance at the end of period	Amount Actually Drawn	Range of interest rate	Nature of loan	Amount of transaction with borrower	Reason for short-term financing	Amount of recognized impairment loss	Collateral		Limit on loans granted to a single party	Ceiling on total loan granted	Note
													Name	Value			
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	Other Receivables—Related Parties	Y	$ 300,000	$ 300,000	$ 298,000	2%	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 1,415,439	$ 1,415, 439	Note 2
0	Taiwan Mask Corporation	Miracle Technology Co., LTD.	Other Receivables—Related Parties	Y	200,000	100,000	-	2%	Short-term financing	-	Working capital	-	-	-	1,415,439	1,415, 439	Note 2
0	Taiwan Mask Corporation	Aptos Technology INC.	Other Receivables—Related Parties	Y	140,000	140,000	140,000	2%	Short-term financing	-	Working capital	-	-	-	1,415,439	1,415, 439	Note 2
0	Taiwan Mask Corporation	Innova Vision INC.	Other Receivables—Related Parties	Y	200,000	180,000	150,000	2%	Short-term financing	-	Working capital	-	-	-	1,415,439	1,415, 439	Note 2
1	Adl Engineering INC.	Aptos Technology INC.	Other Receivables—Related Parties	Y	30, 000	30,000	30,000	2%	Short-term financing	-	Business operations	-	Aptos Technology machine and	14,799	28,831	28,831	Note 3
2	Miracle Technology Co., LTD.	Youe Chung Capital Corporation	Other Receivables—Related Parties	Y	100,000	-	-	2%	Short-term financing	-	Working capital	-	Other equipment	-	139,248	139,248	Note 4
2	Miracle Technology Co., LTD.	Aptos Technology INC.	Other Receivables—Related Parties	Y	120,000	120,000	120,000	2%	Short-term financing	-	Working capital	-	-	-	139,248	139,248	Note 4
3	Innova Vision INC.	Innova Technology	Other Receivables—Related Parties	Y	10, 507	10,507	21,011	NA	Transactions	11,809		-	-	-	-	-	Note 5
3	Innova Vision INC.	Innova Vision Kabushiki Kaisha	Other Receivables—Related Parties	Y	7,817	7,817	12,454	NA	Transactions	16, 775	-	-	-	-	-	-	Note 5
3	Innova Vision INC.	Innova Vision Kabushiki Kaisha	Other Receivables—Related Parties	Y	-	-	55,429	NA	Short-term financing	-	Business operations	-	-	-	-	-	Note 5

Note 1: The explanation of the Code column is as follows:

(1) Issuer fills in 0.

(2). The investee company is numbered in sequence starting from Arabic numeral 1 according to company type.

Note 2: Amendment to the Procedures for Lending Funds to Others:

(1) Total amount of loans:The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loan to a single party shall not exceed 50% of the Company's net value.

Note 3: Subsidiary - Adl Engineering Inc. Procedures for Lending Funds to Others

(1) The total loan amount shall not exceed 50% of the Company’s net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.

(2) In addition to the provisions in (1), the loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.

(3) In addition to the provisions in (1), in which companies or businesses have a short-term financing need, and the loan amount of each individual borrowers not exceeding 40% of the Company net value, the financing amount refers to the accumulated balance of of the company's short-term financing.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, or loans to the Company from any overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are not restricted by the abovementioned paragraphs. However, the total loan amount, limits for each individual borrower, and the period of loan should be specified. The total amount of loans lent between the overseas companies or to the parent company and the limit for each limit are specified as follows:

I. The total amount loans to enterprises shall not exceed 50% of the Company’s net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.

II. For overseas companies that have business dealings with each other, the individual loan amount shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.

III. If there is a need for short-term financing, the loan amount of each individual borrowers shall not exceed 40% of the company's net value, and the financing amount refers to the accumulated balance of the short-term financing between overseas companies.

(5) The highest balance for the current period is the amount resolved by the board.

Note 4: Subsidiary - Miracle Technology Procedures for Lending Funds to Others

(1) Total amount of loans:The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loan to a single party shall not exceed 50% of the Company's net value.

Note 5: Subsidiary - Innova Vision Procedures for Lending Funds to Others

(1) Total amount of loans:The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) The loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties in the past year. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties, and shall not exceed 20% of the Company's net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

Taiwan Mask Corporation and Subsidiaries
Endorsements and Guarantees to Others
For the Year Ended December 31, 2020

Attachment 2

Unit: NT$Thousand
(Unless otherwise specified)

Code (Note 1)	Endorser/guarantor	Guaranteed Party: Name of Company	Guaranteed Party: Relationship (Note 2)	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed (Note 3, 4, 5)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3, 4, 5)	Guarantee Provided by Parent Company to Subsidiary	Guarantee Provided by Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in China	Note
0	Taiwan Mask Corporation	Miracle Technology Co., LTD.	2	$ 229, 550	$ 181,500	$ 170, 880	$ -	$ -	4. 83%	$ 1,415,439	Y	N	N	
1	Adl Engineering INC.	Aptos Technology INC.	3	20, 899	20, 000	20, 000	20, 000	20,000	27. 75%	28,831	N	Y	N	
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology Co., LTD.	3	131,310	122, 612	122, 556	107,000	122,556	57.39%	131,310	N	Y	N	

Note 1: The explanation of the Code column is as follows:
(1) Issuer fills in 0.
(2). The investee company is numbered in sequence starting from Arabic numeral 1 according to company type.
Note 2: The relationship between the guarantor and the guarantee are one of the seven types indicated below:
(1) A company with which it does business.
(2)A company in which the Company directly and indirectly holds more than 50% of the voting shares.
(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
(4) Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other.
(5) A company that is mutually insured by a contract between peers or co-founders based on the needs of the contracted work.
(6). A company that is guaranteed by all contributing shareholders in proportion to their shareholdings due to a joint investment relationship.
(7). Companies that are engaged in joint and several guarantees for the performance guarantee of pre-sale housing sales contracts in accordance with the regulations of the Consumer Protection Act.
Note 3: The Company's endorsement and guarantee practices for others provide that:
(1). The total amount of the Company's external endorsement guarantee shall not exceed 30% of the Company's paid-in capital.
(2) The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
(3). Companies with which the Company has a parent-child relationship: The amount of endorsement and guarantee for a single enterprise shall not exceed 10% of the Company's paid-in capital and the paid-in capital of the company being endorsed and guaranteed.
(4). The aggregate amount of the endorsement and guarantee of the Company and its subsidiaries as a whole shall not exceed 40% of the net worth of the Company, of which the endorsement and guarantee of a single subsidiary shall not exceed 20% of the net worth of the Company.
Note 4: Subsidiary - Adl Engineering Inc. Endorsement and Guarantee Procedures:
(1). The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

(2). The amount of the endorsement guarantee for a single enterprise shall not exceed 30% of the net value of the company's most recent audited or reviewed financial statements.

(3) . The Company and its subsidiaries shall state in the shareholders' meeting the necessity and reasonableness of any endorsement or guarantee of more than 50% of the net value of the Company's most recent audited or reviewed financial statements.

Note 5: Miko-China Enterprise (Shanghai) Co., Ltd. Endorsement and Guarantee Procedures:

The total amount of endorsement and guarantee obligation is limited to RMB30 million, while the amount of endorsement and guarantee for a single enterprise shall not exceed RMB30 million.

Taiwan Mask Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table III.
December 31, 2020

Table III

Unit: NT$Thousand
(Unless otherwise specified)

Company name of the shareholding	Marketable securities	Relationship	General ledger account	Period end				Note
				Number of shares	Book value	Ownership	Fair value	
Taiwan Mask Corporation	Common stocks of Pu-Shi Venture Capital	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	806, 400	$ -	1. 89%	$ -	
Taiwan Mask Corporation	Common stocks of Athena Capital	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	207, 025	-	2. 07%	-	
Taiwan Mask Corporation	Common stocks of Fu-Run Investment	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	713, 235	7,132	10.53%	7,132	
Taiwan Mask Corporation	Common stocks of Unicon Vision	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	10, 000, 000	93, 200	5.80%	93, 200	
Taiwan Mask Corporation	Common stocks of Acer	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	2, 000, 000	47, 300	0.07%	47, 300	
Youe Chung Capital Corporation	Common stocks of P-TWO INDUSTRIES INC	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	1, 280, 500	42, 641	2.39%	42, 641	
Youe Chung Capital Corporation	Common stocks of Taiwan Mask	Parent company	Financial Asset at Fair Value Through Profit or Loss - Non Current	37,801,440	1, 496, 236	14.67%	1,496,236	
Youe Chung Capital Corporation	Common stocks of Image Match Design Inc.	The Company is a director of that company	Financial Asset at Fair Value Through Profit or Loss - Non Current	1, 300, 000	4, 576	3.91%	4,576	
Youe Chung Capital Corporation	Common stocks of Unicon Vision	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	7,880, 000	73,442	4.57%	73, 442	
Youe Chung Capital Corporation	Common stocks of B Current Impact Investment	The Company is a director of that company	Financial Asset at Fair Value Through Profit or Loss - Non Current	1, 000, 000	10,000	10.00%	10, 000	
Youe Chung Capital Corporation	Common stocks of United Microelectronics Corporation	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	30, 000, 000	1,414, 500	0.24%	1,414,500	
Youe Chung Capital Corporation	Common stocks of Acer	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	18, 150, 000	429,247	0.60%	429,247	
Youe Chung Capital Corporation	Investment fund of IP Venture Investment and Management Company	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	10,000	-	10, 000	
Youe Chung Capital Corporation	Convertible bonds of Fiti Group	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	25,000	2, 875	-	2,875	
Jingjing Investment Co., Ltd.	Common stocks of G-TECH ELECTRONICS LTD.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	1, 097, 092	-	8.08%	-	
Jingjing Investment Co., Ltd.	Common stocks of MEMCHIP TECHNOLOGY CO., LTD.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	187, 915	-	3.13%	-	
Aptos Technology INC.	Common stocks of TOPFUN TECHNOLOGY INC.	None	Financial assets measured at fair value through other comprehensive income - Non Current	100, 000	-	9.52%	-	
Adl Engineering INC.	Franklin Templeton SinoAm Asia Pacific Balanced Fund-Accu.	None	Financial Assets at Fair Value Through Profit or Loss - Current	50,000	500	-	500	

Beneficiary Certificate

Taiwan Mask Corporation and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital
For the Year Ended December 31, 2020

Table IV

Unit: NT$Thousand
(Unless otherwise specified)

Company that buys or sells	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Beginning of period		Buy (Note 3)		Sell (Note 3)				Period end	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling Price	Book Cost	Gains and Losses from Disposal	Number of shares	Amount
Youe Chung Capital Corporation	Macroblock	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	-	3,361, 609	$ 381,542	-	$ -	(3, 361, 609)	$ 354,773	($ 280,691)	$ 74,082	-	$ -
Youe Chung Capital Corporation	United Microelectronics Corporation	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	-	-	-	30, 000, 000	477,460	-	-	-	-	30, 000, 000	1,414,500
Youe Chung Capital Corporation	Acer	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	-	-	-	21,000, 000	462,066	(2, 850, 000)	67,048	(62,656)	4,392	18, 150,000	429,247

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities of the abovementioned items.
Note 2: For marketable securities that adopt the equity method, the two fields should be filled out, and the rest are not required.
Note 3: Acquisition or sale of the same securities should be calculated separately at market price to see if they reach NT$300 million or 20% of the Company's paid-in capital.

Taiwan Mask Corporation and Subsidiaries
Acquisition of real estate exceeding $300 million or 20% of paid-in capital
For the Year Ended December 31, 2020

Table V

Unit: NT$Thousand
(Unless otherwise specified)

Company acquiring real property	Property Name	Date of the occurrence of the event	Transaction Amount	Payment Status	Counterparty	Relationship	If the transaction counterparty is a related person, the data on the previous transfer				Reference for price determination	Purpose of acquisition and use status	Other provisions
							Owner	Relationship with the issuer	Date of transfer	Amount			
Taiwan Mask Corporation	Plant and ancillary equipment of building	2020/07/09	$ 1,038, 306	All paid	Neo Solar Power	None	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Appraisal report from real estate joint appraisers firm	For operations	None

Taiwan Mask Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
For the Year Ended December 31, 2020

Table VI

Unit: NT$Thousand
(Unless otherwise specified)

Code (Note 1)	Name of the counterparty	Counterparty	Relationship	Status of transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	1	Other Receivables	$ 298,000	Receipt and payment at an agreed time	3.29%
0	Taiwan Mask Corporation	Youe Chung Capital Corporation	1	Interest income	4,346	Receipt and payment at an agreed time	0.09%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Sales	3,067	Net 60	0.07%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Endorsement and guarantee	170,880	Same with other customers	1.88%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Interest income	1,411	Receipt and payment at an agreed time	0.03%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Rental income	1,584	Same with other customers	0.03%
0	Taiwan Mask Corporation	Miracle International Enterprise (Shanghai) Co., Ltd.	1	Sales	38,329	Net 60	0.82%
0	Taiwan Mask Corporation	Miracle International Enterprise (Shanghai) Co., Ltd.	1	Accounts Receivables	8,043	Net 60	0.09%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	140,000	Receipt and payment at an agreed time	1.54%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	11,505	Same with other customers	0.13%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Rental income	13,421	Same with other customers	0.29%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	16,021	Same with other customers	0.18%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	150,000	Receipt and payment at an agreed time	1.65%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Interest income	2,374	Receipt and payment at an agreed time	0.05%
1	Miracle Technology Co., LTD.	Aptos Technology INC.	3	Other Receivables	120,000	Receipt and payment at an agreed time	1.32%
1	Miracle Technology Co., LTD.	Miracle International Enterprise (Shanghai) Co., Ltd.	3	Sales	4,955	Net 30	0.11%
1	Miracle Technology CO., LTD.	Miko Technology co. , Ltd.	3	Other Current Liabilities	34,032	Receipt and payment at an agreed time	0.38%
2	Miracle International Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	3	Sales	39,439	Net 30	0.85%
3	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	Endorsement and guarantee	122,556	Same with other customers	1.35%
4	Sichuan Miracle Power Technology Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	3	Sales	5,138	Net 30	0.11%

5	Aptos Technology INC.	Adl Engineering INC.	3	Short Term Loans	30,000	Receipt and payment at an agreed time	0.33%
6	Adl Engineering INC.	Aptos Technology INC.	3	Endorsement and guarantee	20,000	Same with other customers	0.22%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is "0".
(2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;
for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement account

Note 4: Only transactions with an amount of more than NT$1 million will be disclosed, and transactions with related parties will not be disclosed separately.

Taiwan Mask Corporation and Subsidiaries
Names, locations and other information of investee companies (not including investees in China)
For the Year Ended December 31, 2020

Table VII

Unit: NT$Thousand
(Unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment income(loss) recognized by the Company for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Owners hip	Book value			
Taiwan Mask Corporation	SunnyLake Park International Holdings, Inc.	British Virgin Islands	Re-investment	$ 103,045	$ 103,045	3,120,000	100%	$ 5,355	($ 61)	($ 61)	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Taiwan	Re-investment	1,440,000	1,140,000	201,969,484	100%	1,359, 028	802,419	546,557	
Taiwan Mask Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	165,691	165,691	12,549,652	23.15%	69,308	(70,162)	(19,498)	
Taiwan Mask Corporation	Miracle Technology Co., LTD.	Taiwan	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	252,651	252,651	22,955,033	100%	384,228	68,596	68,596	
Taiwan Mask Corporation	Weida Hi-Tech Company	Taiwan	Display panel control chip and other module's research, design, development, manufacturing and sales	293,371	293,371	12,176,880	36.70%	85,425	(64,224)	(35,045)	
Taiwan Mask Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	210,649	-	2,599,457	13.00%	520	(269,521)	-	
Youe Chung Capital Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	65,719	65,719	3,550,223	6.55%	19,607	(70,162)	(5,516)	
Youe Chung Capital Corporation	Xsense Technology Corporation	British Virgin Islands	Precious metal coating	268,965	-	81,818,181	35.38%	186,822	(171,692)	(67,788)	
Youe Chung Capital Corporation	Aptos Technology INC.	Taiwan	Design, packaging and testing of NAND flash memory, solid state drives and the related products	134,928	134,928	33,732,108	38.16%	(60,148)	(252,273)	(120,545)	
Youe Chung Capital Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	149,774	-	641,281	3.21%	128	(269,521)	-	
Aptos Technology INC.	Adl Engineering INC.	Taiwan	Electronics components	375,809	375,809	6,255,069	52.19%	37,619	(4,737)	(2,472)	
Aptos Technology INC.	New Sunrise Limited	Samoa	Re-investment	-	-	-	100%	-	-	-	Note
Adl Engineering INC.	Aptos Global Holding Corp.	Seychelles	Re-investment	29,795	29,795	10,000, 000	100%	-	-	-	
Apotos Global Holding Corp.	Aptos Technology Co., Limited	Hong Kong	Re-investment	29,648	29,648	78,000, 000	100%	-	-	-	

Miracle Technology Co., LTD.	Jingjing Investment Co., Ltd.	Taiwan	Re-investment	10,012	10,012	14,316, 212	100%	208,562	31,694	31,694
Miracle Technology Co., LTD.	Miracle (Samoa) Co., Ltd	Samoa	Re-investment	10,215	10,215	-	100%	57,592	37,415	37,415
Miracle (Samoa) Co. , Ltd	Misun Technology Co., Ltd	Mauritius	Re-investment	10,215	10,215	-	100%	57,592	37,415	37,415
Jingjing Investment Co., Ltd.	Miko Technology Co., Ltd	Hong Kong	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	37	37	10,000	100%	37,589	(23,761)	(23,761)
Innova Vision INC.	Innova Technology	Taiwan	Sales of contact lens	35,000	-	3, 500, 000	100%	(32,907)	(19,538)	-
Innova Vision INC.	Innova Vision (B.V.I) Inc.	British Virgin Islands	Re-investment	60,157	-	1, 000, 000	100%	(55,696)	(4,415)	
Innova Vision INC.	Calaview International Holding Company Limited	Seychelles	Re-investment	-	-	1, 000, 000	100%	161	460	-
Innova Vision INC.	Innova Vision Kabushiki Kaisha	Japan	Sales of contact lens	8,349	-	600	9.23%	(5,680)	(4,865)	-
Innova Vision (B. V. I) Inc.	Innova Vision Kabushiki Kaisha	Japan	Sales of contact lens	56,420	-	5,900	90.77%	(55,854)	(4,865)	-
Weida Hi-Tech Company	Smart Touch Co., Ltd	British Virgin Islands	Re-investment	14,602	14,602	9,145	100%	-	-	-
Weida Hi-Tech Company	Central Star Ltd	Seychelles	Re-investment	4,076	4,076	129,200	22.30%	-	-	-
Smart Touch Co., Ltd	Central Star Ltd	British Virgin Islands	Re-investment	13,714	13,714	450,000	77.70%	-	-	-

Note: As of December 31, 2020, the funds for shares have not been remitted.

Taiwan Mask Corporation and Subsidiaries
Information on investments in China, January 1 to December 31, 2020

Table VIII

Unit: NT$Thousand
(Unless otherwise specified)

Investee in China	Main business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to China	Amount remitted from Taiwan to China/Amount remitted back to Taiwan for the period		Accumulated amount of remittance from Taiwan to China	Net profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the current period (Note 2)	Carrying amount as of the end of the period	Accumulated amount of investment income remitted back to Taiwan	Note
					Remitted to	Remitted back							
Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	$ 3,283	1	$ 3,283	$	$	$ 3, 283	$ 68, 748	100%	$ 68,748	$ 213,548	$	Note 2 (2) B
Miracle International Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	10,215	2	10,215			10,215	38, 176	100%	38,176	50,705		Note 2 (2) B
Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	32,529	2	-	-	-	-	4,607	100%	4,607	26,811	-	Note 2 (2) B
Touch Hi-Tech Co., Ltd.	Touch panel system hardware design and software development	25,684	1	25,684	-	-	25,684	(2,475)	36.70%	(2,475)	20	-	Note 2 (2) C

Name of Company	Accumulated amount of remittance from Taiwan to China as of the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in China imposed by the Investment Commission of MOEA
Miko-China Enterprise (Shanghai)	$ 3,283	$ 3,283	$ 208,871

Co., Ltd.			
Miracle International Enterprise (Shanghai) Co., Ltd.	10,215	10,215	208,871
Sichuan Miracle Power Technology Co., Ltd.	-	-	208,871
Touch Hi-Tech Co., Ltd.	25,684	25,684	51,255

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1). Directly invest in a company in China.
(2). Through investing in an existing company in the third area (please specify the company), which then invested in China.
(3). Others
Note 2: Net profit (loss) of the investee for the year:
(1) If it is still under preparation with no actual gain or loss, it shall be indicated in the box.
(2) The basis for recognition of the investment gains or losses is divided into the following three,
A. Financial statements audited and validated by an international accounting firm that has a collaborative relationship with CPA firms in Taiwan.
B. Financial statements audited and validated by a certified accountant or accounting firm who work with the parent company in Taiwan.
C. Unaudited financial reports.
Note 3: The relevant figures in this table should be presented in New Taiwan Dollars.

Taiwan Mask Corporation and Subsidiaries
Information on Major Shareholders
December 31, 2020

Table IX

Name of Main Shareholders	Shares	
	No. of shares held	Ownership
Youe Chung Capital Corporation	37,801,440	14.67%

Taiwan Mask Corporation
Cash Schedule
December 31, 2020

Schedule 1 Unit: NT$Thousand

Items	Summary			Amount
Bank deposits				
Demand deposits -- NTD				$ 162,184
-- Foreign currency	USD	8,784	Exchange rate 28.48	250,179
	JPY	83,532	Exchange rate 0.2763	23,080
	SGD	59	Exchange rate 21.56	1,269
	EUR	438	Exchange rate 35.02	15,326
Time deposits -- NTD				41,800
				$ 493,838

Taiwan Mask Corporation
Accounts Receivable Schedule
December 31, 2020

Schedule 2 Unit: NT$Thousand

Customer Name	Summary	Amount	Note
General customers			
Taiwan Semiconductor Manufacturing Company	$	52,188	
Shanghai Huahong Grace Semiconductor Manufacturing Corporation		33,818	
Global Foundries Singapore Pte. Ltd.		33,026	
WIN Semiconductors		32,499	
Vanguard International Semiconductor Corporation		24,149	
Others		250,294	The balance of each separate account did not exceed 5% of this account.
		425,974	Account balance that has been more than a year is $0
Less: Allowance for bad debts		(968)	
		$ 425,006	
Related party			
Miracle International Enterprise (Shanghai) Co., Ltd.	$	8,043	
Miracle Technology CO., LTD.		897	
Powerchip Semiconductor Manufacturing Corp.		63	The balance of each separate related party did not exceed 5% of this account.
		9,003	Account balance that has been more than a year is $0
Less: Allowance for bad debts		-	
		$ 9,003	

Taiwan Mask Corporation
Inventories Schedule
December 31, 2020

Schedule 3 Unit: NT$Thousand

Items	Summary	Amount Cost	Amount Market value	Note
Raw materials		$ 107,837	$ 103,105	Net realizable value as the market value
Work in process		7,264	7,271	Net realizable value as the market value
Finished goods		967	1,409	Net realizable value as the market value
		116,068	$ 111,785	
Add: Loss on falling prices of inventory and inventory obsolescence		(5,212)		
		$ 110,856		

Taiwan Mask Corporation
Financial assets schedule at fair value through profit and loss
January 1 to December 31, 2020

Schedule 4

Unit: NT$Thousand

Name	Opening Balance		Increase this period		Decrease this period		Balance at the end of period		Guarantee or pledge	Note
	Number of Shares	Book value	Shares	Amount	Number of Shares	Amount	Number of Shares	Book value		
Common stocks of Pu-Shi Venture Capital	806,400	$ -	-	$ -	-	$ -	806,400	$ -	None	
Common stocks of Athena Capital	652,129	-	-	-	(445,104)	-	207,025	-	None	
Common stocks of Fu-Run Investment	1,533,840	15,338	-	-	(820,605)	(8,206)	713,235	7,132	None	
Common stocks of Unicon Vision	10,000,000	347,500	-	-	-	(254,300)	10,000,000	93,200	None	
Common stocks of Innova Vision	605,157	6,052	-	-	(605,157)	(6,052)	-	-	None	
Common stocks of Acer	-	-	2,000,000	47,506	-	(206)	2,000,000	47,300	None	
Total		$ 368,890		$ 47,506		($ 268,764)		$ 147,632		

Taiwan Mask Corporation
Schedule of Investments Changes Accounted for Using Equity Method
January 1 to December 31, 2020

Schedule 5

Unit: NT$Thousand

Name	Opening Balance		Increase this period		Decrease this period		Balance at the end of period			Market value or equity net value		Guarantee or pledge	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Ownership	Amount	Unit price ($)	Total amount		
SunnyLake Park International Holdings, Inc.	3,120,000	5,699	-	-	-	(344)	3,120,000	100%	$ 5,355	$ -	$ 5,355	None	
Youe Chung Capital Corporation	142,329,470	479,446	59,640,014	879,582	-	-	201,969,484	100%	1,359,028	-	1,359,028	None	
Innova Vision INC.	-	-	2,599,457	520	-	-	2,599,457	13%	520	-	520	None	
Advagene Biopharma Co., Ltd.	12,549,652	76,724	-	-	-	(7,416)	12,549,652	28.27%	69,308	-	69,308	None	
Miracle Technology CO., LTD.	22,955,033	309,025	-	75,203	-	-	22,955,033	100%	384,228	-	384,228	None	
Weida Hi-Tech Company	25,510,500	214,130	-	-	(13,333,620)	(128,705)	12,176,880	100%	85,425	-	85,425	None	
Total		$ 1,085,024		$ 955,305		($ 136,465)			$ 1,903,864				

Taiwan Mask Corporation
Property, Plant and Equipment Cost Changes Schedule
January 1 to December 31, 2020

Schedule 6

Unit: NT$Thousand

Items	Opening Balance	Increase this period	Decrease this period	Reclassification for the year	Balance at the end of period	Guarantee or pledge
Buildings and structures (including land)	$ 1,002,772	$ 1,086,372	$ -	($ 532,819)	$ 1,556,325	Yes
Machinery and equipment	1,545,698	903,958	(89)	229,017	2,678,584	Yes
Transportation equipment	2,189	570	-	-	2,759	None
Office equipment	15,235	7,424	-	-	22,659	None
Unfinished construction and equipment to be inspected	253,644	123,585	-	(242,056)	135,173	None
	$ 2,819,538	$ 2,121,909	($ 89)	($ 545,858)	$ 4,395,500	

Taiwan Mask Corporation
Property, Plant and Equipment Accumulated Depreciation Changes Schedule
January 1 to December 31, 2020

Schedule 7

Unit: NT$Thousand

Items	Opening Balance	Increase this period	Decrease this period	Reclassification for the year	Balance of the period	Note
Buildings and structures	$ 529,905	$ 37,015	$ -	($ 910)	$ 566,010	
Machinery and equipment	911,358	158,993	(27)	-	1,070,324	
Transportation equipment	1,338	412	-	-	1,750	
Office equipment	6,969	4,244	-	-	11,213	
	$ 1,449,570	$ 200,664	($ 27)	($ 910)	$ 1,649,297	

Taiwan Mask Corporation
Right-of-Use Assets Schedule
January 1 to December 31, 2020

Schedule 8

Unit: NT$Thousand

Items	Opening Balance	Increase this period	Decrease this period	Disposal this period	Balance at the end of period	Note
Land	$ 325,475	$ 89,309	$ -	$ -	$ 414,784	
Buildings and structures	3,377	296	-	-	3,673	
Transportation equipment (company vehicles)	6,333	3,447	(6,225)	-	3,555	
Total	$ 335,185	$ 93,052	($ 6,225)	$ -	$ 422,012	

Taiwan Mask Corporation
Right-of-Use Assets Accumulated Depreciation Schedule
January 1 to December 31, 2020

Schedule 9

Unit: NT$Thousand

Items	Opening Balance	Increase this period	Decrease this period	Disposal this period	Balance at the end of period	Note
Land	$ 11,564	$ 12,341	$ -	$ -	$ 23,905	
Buildings and structures	871	876	-	-	1,747	
Transportation equipment (company vehicles)	3,179	2,326	(5,014)	-	491	
Total	$ 15,614	$ 15,543	($ 5,014)	$ -	$ 26,143	

Taiwan Mask Corporation
Short-Term Borrowings Schedule
December 31, 2020

Schedule 10

Unit: NT$Thousand

Types of borrowings	Explanation	Balance at the end of period	Contract Duration	Range of interest rate (Note)	Financing Amount	Pledge or Guarantee	Note
Mega International Commercial Bank		$ 147,721	2020.8.5~2021.2.18	0.888%~1.050%	$ 200,000	None	
Land Bank of Taiwan		150,000	2020.10.20~2021.1.17	1.011%	150,000	None	
Taiwan Cooperative Bank		100,000	2020.8.5~2021.8.5	1.200%	100,000	None	
Bank SinoPac		60,000	2020.12.8~2021.1.18	1.000%	60,000	None	
KGI Bank		120,000	2020.9.11~2021.3.26	0.987%	150,000	None	
Taipei Fubon Commercial Bank		101,000	2020.8.7~2021.4.30	0.900%~1.459%	104,000	None	
Taishin International Bank		80,000	2020.12.8~2021.2.8	1.040%	300,000	None	
Far Eastern International Bank		60,000	2020.12.25~2022.3.25	1.050%	100,000	None	
Taiwan Shin Kong Commercial Bank		80,000	2020.11.7~2021.1.9	0.950%	80,000	None	
Chang Hwa Bank		30,000	2020.12.9~2021.3.9	1.160%	100,000	None	
First Commercial Bank of Taiwan		69,879	2020.10.20~2021.4.18	1.05%~1.060%	100,000	None	
Chinatrust Commercial Bank and 7 other banks		450,000	2020.11.13~2021.2.17	1.797%	828,000	None	
		$ 1,448,600					

Note: The range of interest rate is between 0.888% and 1.797%, all of which are floating interest rates.

Taiwan Mask Corporation
Long-Term Borrowings Schedule
December 31, 2020

Schedule 11

Unit: NT$Thousand

Creditors	Summary	Amount Borrowed	Contract Duration	Interest rate (Note 1)	Pledge or Guarantee	Note
Chinatrust Commercial Bank and 7 other banks	Intermediate- and long-term secured loans	$ 871,427	108.8.26~2022.8.26	1.797%	Houses and buildings and machine and equipment	
Shanghai Commercial and Savings Bank	Intermediate- and long-term secured loans	850,000	2020.11.9~2022.8.14	1.070%	Buildings and investment property	
		1,721,427				
Less: Mature within one year		(87,143)				
		$ 1,634,284				

Taiwan Mask Corporation
Lease liabilities schedule
December 31, 2020

Schedule 12 Unit: NT$Thousand

Items	Summary	Lease Period	Discount rate	Balance at the end of period	Note
Land	Hsinchu	2005/1/13~2034/12/31	1.136%	$ 394,324	
Buildings and structures	Hsinchu	2018/1/1~2022/12/31	1.136%	1,948	
Transportation equipment (company vehicles)	Hsinchu	2017/11/2~2021/3/26	1.136%	3,201	
				399,473	
Less: Mature within one year				(15,721)	
				$ 383,752	

Taiwan Mask Corporation
Sales Income Schedule
January 1 to December 31, 2020

Schedule 13 Unit: NT$Thousand

Items	Quantity	Amount	Note
Photomask	61,541 pieces	$ 2,175,018	

Taiwan Mask Corporation
Operating Costs Schedule
January 1 to December 31, 2020

Schedule 14 Unit: NT$Thousand

Items	Amount	Note
Direct materials		
Opening raw materials	$ 107,188	
Incoming materials in the current period	526,452	
Ending raw materials	(107,837)	
Less: Transfer to expense	(8,723)	
Consumption in this period	517,080	
Director labor	61,489	
Manufacturing expenses	717,718	
Manufacturing cost	1,296,287	
Opening work-in-progress	4,026	
Ending work-in-progress	(7,264)	
Cost of finished goods	1,293,049	
Add: Opening finished goods	31,656	
Less - Ending finished goods	(967)	
Cost of manufacturing and sales	1,323,738	
Other operating costs		
Loss on falling prices of inventory and inventory obsolescence	87	
Operating costs	$ 1,323,825	

Taiwan Mask Corporation
Manufacturing Expenses Schedule
January 1 to December 31, 2020

Schedule 15 Unit: NT$Thousand

Items	Summary		Amount	Note
Contract maintenance fee		$	236,438	
Depreciation			203,736	
Salaries expense			131,404	
Utilities			55,158	
Others			90,982	The balance of each separate account did not exceed 5% of this account.
		$	717,718	

Taiwan Mask Corporation
Operating Expenses Schedule
January 1 to December 31, 2020

Schedule 16 Unit: NT$Thousand

Items	Summary		Amount	Note
Marketing expenses:				
Salaries expense		$	20,683	
Shipping expenses			19,726	
Export declaration fee			5,167	
Water, electricity and gas utilities			4,084	
Others			7,873	The balance of each separate account did not exceed 5% of this account.
		$	57,533	
Administrative Expenses:				
Salaries expense		$	133,086	
Tax			8,065	
Water, electricity and gas utilities			7,728	
Depreciation			7,665	
Others			30,707	The balance of each separate account did not exceed 5% of this account.
		$	187,251	
Research and development expenses:				
Salaries expense		$	32,441	
Repairs and maintenance expense			10,168	
Research and experiment fee			8,020	
Water, electricity and gas utilities			4,769	
Others			11,662	The balance of each separate account did not exceed 5% of this account.
		$	67,060	

Function / Type	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenditure						
Payroll expenses	$ 178,447	$ 76,673	$ 255,120	$ 119,485	$ 86,008	$ 205,493
Employee stock options	1,102	87,171	88,273	27,431	57,491	84,922
Labor and health insurance fees	11,789	4,779	16,568	10,898	4,307	15,205
Pension expense	6,380	1,624	8,004	4,835	2,509	7,344
Director remuneration	-	16,618	16,618	-	13,642	13,642
Other employee benefit expenses	6,382	1,910	8,292	5,801	1,728	7,529
Depreciation	203,736	12,471	216,207	135,534	11,373	146,907
Amortization expense	1,047	2,255	3,302	242	1,730	1,972

1. As of the end of the current period and the previous year , there were 250 and 235 employees, respectively, and there were 5 and 7 directors, respectively, who did not hold a concurrent employee position.
2. Stocks are listed on the Taiwan Stock Exchange or the Taipei Exchange and the following information is disclosed:
(1) The employee benefit expense for the year is $1,536 ((Current year's total employee benefit expense - Remunerations to directors) / (Current year's number of employees - Number of directors who do not hold concurrent employee positions)).
The employee benefit expense for the previous year was $1,406 ((Previous year's total employee benefit expense - Remunerations to directors) / (Previous year's number of employees - Number of directors who do not hold concurrent employee positions)).
(2) The employee salary expense for the year is $1,041 ((Current year's total employee salary expense / (Current year's number of employees - Number of directors who do not hold concurrent employee positions)).
The employee salary expense for the previous year was $901 ((Previous year's total employee salary expense / (Previous year's number of employees - Number of directors who do not hold concurrent employee positions)).
(3) The average of employee salary expense is adjusted by 15.54% ((This year's average of employee salary expense - Previous year's average of employee salary expense) / Previous year's average of employee salary expense)).
(4) The Company has esablished and regularly reviewed the policies, systems, standards and structure of performance appraisal and salary remuneration of directors and managers according to the salary and remuneration committee charter, and abided by the following rules:
A. The performance evaluation of the directors and managers and their salary and compensation shall be considered in reference to the payment standard among industry peers and individual performances, in relevance to its reasonableness with the Company’s operating performance and future risks.
B. Shall not lead directors and managers to pursue salary and compensation, engaging in risky conducts that outstrip the company’s capacity to handle.
C. The bonus proportion of short-term performance for directors and senior level managers and partial changes to remuneration payment time shall be decided in consideration of the industrial characteristics and the nature of the Company’s business.
(6) Directors' remuneration and employee remuneration are subject to the Company's Articles of Incorporation. The distribution shall be executed after the resolution approval at the Board meeting with more than two-thirds of directors attending and of more than half of the attending directors agreed and passed the resolution, and reported to the shareholders meeting.
A. Employee remuneration: Allocated based on the Company's operating condition, and is distributed based on employee's position, performance, and tenure of service.
B. Quarterly bonus: Allocated based on the Company's operating condition, and is given as an incentive for achieving the set targets.
C. Annual salary adjustment: Carried out in accordance with the Company's operating condition. Annual salary adjustment: Carried out in accordance with the Company's operating condition. The salary adjustment range takes into account the salary adjustment in the industry, domestic economic growth, price index, and individual performance appraisal.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Seven. Review and Analysis of Financial Position and Financial Performance and Risks

I. Financial position

(I) Changes to liabilities and stockholders' equity in the two most recent years

Unit: NT$Thousand

Year / Items	2019	2020	Difference	
			Amount	%
Current assets	2,258,934	2,439,293	180,359	7.98
Fixed assets	1,546,919	3,116,087	1,569,168	101.44
Other assets	1,920,517	3,514,585	1,594,068	83.00
Total assets	5,726,370	9,069,965	3,343,595	58.39
Current liabilities	1,718,406	3,677,416	1,959,010	114.00
Non-current liabilities	886,506	1,975,859	1,089,353	122.88
Total Liabilities	2,604,912	5,653,275	3,048,363	117.02
Capital	2,527,136	2,527,136	0	0
Capital surplus	322,777	439,898	117,121	36.29
Retained earnings	977,513	1,405,273	427,760	43.76
Other equity interests	(1,872)	889	2,761	147.49
Treasury stock	(835,332)	(834,598)	734	0.09
Non-controlling Interests	131,236	(121,908)	(253,144)	(192.89)
Total Equity	3,121,458	3,416,690	295,232	9.46

(II) Analysis of changes in proportion

1. The increase in fixed assets by 101.44% was due to the increase in assets after the purchase of the technology plant in Zhunan Science Park.
2. The increase in other assets by 83% was due to the increase in valuation on financial assets in the current period.
3. The increase in total assets by 58.39% was due to the increase in valuation of real estate and financial assets in the current period.
4. Increase in current liabilities at 114%, due to adjustments in operations conditions, increasing short-term debts to replenish operations capital.
5. The increase in current liabilities by 122.88% was due to the increase in long-term borrowings for new real estate in the current period.
6. The increase in total liabilities by 117.02% was due to the increase short- and long-term borrowings and lease liabilities.

7. The increase in capital reserve by 36.29% was due to the increase in employee stock options recognized as salaries in the current period.
8. Increase in retained earnings at 43.76%, due to the Company actively increasing production capability, current net income as earnings, thus, an increase in retained earnings.
9. Decrease in other equity interests at 147.49%, due to valuation adjustment and translation of foreign financial statements.
10. Decrease in non-controlling Interests at 192.89%, due to merger with Innova Vision that resulted in decrease in non-controlling Interests.

II. Financial performance

(I) Financial performance comparison analysis table

Unit: NT$Thousand

Items \ Year	2019	2020	Amount increase (decrease)	Change in proportion (%)
Operating revenue	3,468,682	4,666,756	1,198,074	34.54
Operating costs	2,856,280	3,723,670	867,390	30.37
Gross profit	612,402	943,086	330,684	54.00
Operating expenses	605,073	598,933	(6,140)	(1.01)
Operating profit (loss)	7,329	344,153	336,824	4,595.77
Non-operating income and expenses	367,188	286,388	(80,800)	(22.01)
Net income (loss) of this period from continuing operations	311,940	486,307	174,367	55.90
Other consolidated profit and loss after taxes	(8,340)	3,185	11,525	138.19
Total comprehensive income for the year	303,600	489,492	185,892	61.23

(II) Analysis of changes in proportion

1. Operating income increased by 34.54%, operating costs increased by 30.37% and operating gross profit increased by 54% due to the increase in revenue of Taiwan Photomask and Miracle Technology.
2. Operating income increased by 4,595.77%, mainly due to the increase in revenue.
3. Non-operating income and expenses decreased by 22.0%, mainly due to the recognition of increase in investment losses of subsidiaries.
4. Increase in net income for this period from continuing operations at 55.9%, mainly due to the increase in business revenue and operating profits.
5. Increase in other comprehensive income for the year (net after tax) is at 138.19%, mainly due to current translation of foreign financial statements.
6. Total comprehensive income increased by 6.23%, mainly due to the increase in business revenue and operating profits.

(III) Expected sales volume and its basis, potential effects to future company finance and operations and contingency plan

In response to future trends of IC manufacturing technology advancement, current matured technology facilities owned by the Company are not sufficient to meet the demands of IC design companies. Thus, there are plans to purchase photomask equipment with high-level technology to satisfy customer demands for high-level manufacturing, and to elevate the Company's overall competitiveness. Estimated photomask sales volume in 2020 is expected to increase by 20% from 2019. The Company is actively reducing cost and various expenses, continues to research and develop and upgrade its technology to improve operations and increase profits.

III. Cash flow

(I) Analysis of the changes in the cash flow in the past two years

Items \ Year	2019	2020	Ratio increase (decrease)
Cash flow ratio	39.09	-1.95	-32.04pps
Cash flow adequacy ratio	95.24	30.20	-65.04pps
Cash flow reinvestment ratio	11.71	-7.59	-19.01pps

(II) Explanation of changes in the ratio

1. Cash flow ratio: Mainly due to increase in stock investment in 2020 as compared to 2019.
2. Cash flow adequacy ratio: Mainly due to the increase in capital expenditure in 2020 (purchase of technology plant in Zhunan Science Park).
3. Cash flow reinvestment ratio: Mainly due to increase in 2020 cash flow from operating activities as compared to 2019.

(III) Improvement plan for liquidity shortfall

The Company does not observe signs of insufficient liquidity, thus, not applicable.

(IV) Cash flow analysis for the coming year

Unit: NT$Thousand

Opening Balance (1)	Estimated cash flow from operating activities (2)	Estimated cash flow from investment and financing activities (3)	Estimated cash balance (shortfall) amount (1)+(2)+(3)	Remedy for insufficient cash	
				investment plan	Financing plan
1,036,658	500,000	(2,040,000)	(503,342)	-	2,040,000

1. Operating activities: Mainly estimated cash generated from sales and added depreciation with no cash flow.
2. Investment activities: It is expected that there will be purchases of machinery and equipment, therefore, investment activities will have situations of net cash used.

IV. Effects of major capital expenditures on finance and operation in the most recent fiscal year

(I) Usage situations of major capital expenditures and funds transactions

Unit: NT$Thousand

Project item	Actual or scheduled funds sources	Actual usage of funds	
		2019	2020
1. Buildings and structures	Earned surplus	703,667	2,029,071
2. Exposure equipment			
3. Test system			
4. Measurement equipment			
5. Process equipment			
6. Repair system			
7. Environmental equipment			

(II) Expected possible benefits generated

1. Estimated to increase production and sales volume, value and gross profit

Unit: Pieces; NT$Thousand

Year	Items	Unit	Production volume	Sales volume	Sales value	Gross profit
2022	Photomask	Pieces	10,338	10,338	365,409	101,620
	Others	Unit	159,739	159,739	474,427	112,272
2023	Photomask	Pieces	10,869	10,869	384,152	228,397
	Others	Unit	168,282	168,282	499,800	76,580

2. Description of other benefits

(1) Continue to invest and develop unique and large-size photomasks, improve yield rate and increase market share. In response to the domestic industrial development, develop the technology required for finer fabrication, and expand production capacity to support the development of more automation industries.

(2) The photomask needed in submicron requires precision equipment to work with, the equipment purchased can inspect for defects that are smaller, so as to provide better quality photomask to downstream wafer plants, further improving the yield rate of wafer manufacturing.

(3) Since the opening of the Company's plant, has placed environmental protection as first priority. The environmental equipment used are the most advanced wastewater and air emissions treatment systems globally, wastewater and air emissions are released within standards.

V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the generated profits/losses, the plan for improving re-investment profitability and investment plans for the coming year

The Company's re-investment are strategic investments, recognized investment losses based on the equity method of the 2020 consolidated financial statement is at NT$105,006 thousand. Reasons for the loss and improvement plan are as shown below:

Investee	Net profit (loss) of the investee for the current period	Investment income(loss) recognized by the Company for the current period	Reasons	Improvement plan
Advagene Biopharma Co., Ltd.	(70,162)	(25,014)	Currently is at the research and development stage, and continue to invest in research and development expenditures, resulting in the net losses.	Emphasize on business expansion, actively seeking to win technology transfer of major international manufacturers and collaborations development and so on models, in the hope that the current new dosage form of drug can enter the market for sales in the shortest time, maximizing the

				value.
Weida Hi-Tech Company	(64,224)	(12,204)	Incurred losses due to continuous investment in R&D	Explore more orders
Xsense Technology corporation	(171,692)	(67,788)	Still in the R&D stage and there are a few orders, but fixed expenses such as depreciation cannot be effectively amortized, further resulting in losses.	Actively explore new customers to increase gross profit and improve economic efficiency.

VI. Analysis and assessment of risks

(I) Impact of interest rate, exchange rate fluctuation and inflation on the Company's profit and loss and the future responsive measures for the most recent fiscal year and until annual report publication date.

Items	Impact to the Company's profit and loss	Future countermeasures
Changes in interest rate	Increased interest rate/Increased interests expenditure/Reduced net income NT$11,526 thousand in 2020 NT$26,555 thousand in Q1 2021	As photomask manufacturing is considered an industry with high capital intensity, besides capital generated from the Company's operations, may use methods such as increased investments or long-term debts as sources of capital for the company's operations and purchase of machinery and equipment. Current capital held is sufficient to respond to the company's future operations requirements. In the future, will adjust capital usage situations dependent upon the changes to financial interests and hedging policy as countermeasures, to reduce impacts to gains (losses).
Exchange rate fluctuation	Exchange rate fluctuation 1% / Increase in gains (losses) NT$9,062 thousand in 2020 NT$8,059 thousand in Q1 2021	Continue to monitor foreign exchange market information, conduct hedging strategies, to effectively control the company's gains (losses) situation.
Inflation	No impacts	Inflation situations in the most recent fiscal year have limited impacts to the Company's gains or losses, continue to take note of changes in domestic and overseas economies.

(II) In the two most recent fiscal years and until the publication date of the annual report, the policy, main reason for profit or loss, and future countermeasures of high-risk investments, high-leverage investments, loans to other parties, endorsements/guarantees, and derivatives transactions.

1. In the most recent fiscal year and until the publication date of the annual report, high-risk investments, high-leverage investments and derivatives transactions: None.
2. Loans to Others

Unit: NT$Thousand

Company that lent funds	Borrowing party	Type	2020/12/31	2021/03/31
Taiwan Mask Corporation	Youe Chung Capital Corporation	Working capital	300,000	-
	Miracle Technology CO., LTD.	Working capital	100,000	-
	Aptos Technology INC.	Working capital	140,000	-
	Innova Vision INC.	Working capital	180,000	-
Adl Engineering INC.	Aptos Technology INC.	Working capital	30,000	-
Miracle Technology CO., LTD.	Aptos Technology INC.	Working capital	120,000	120,000
Innova Vision INC.	Innova Technology	-	10,507	10,507
	InnoVa Vision Kabushiki Kaisha	-	7,817	7,817
	InnoVa Vision Kabushiki Kaisha	Working capital	-	-
Youe Chung Capital Corporation	Aptos Technology INC.	Working capital	-	280,000

3. Endorsement and guarantee

Unit: NT$Thousand

Endorser/guarantor	Guaranteed Party	2020/12/31	2021/03/31
Taiwan Mask Corporation	Miracle Technology CO., LTD.	170,880	171,210
Adl Engineering INC.	Aptos Technology INC.	20,000	20,000
Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	122,556	121,632

(III) Research and development programs in the future and the expenditures expected

To elevate competitiveness and to satisfy demands from customers and markets, it is expected to continue to invest in human resources and expenditures to research and develop high level photomask products, advanced manufacturing processes and so on technology development in the future, to maintain leading position in technology and product yield rate. The expected investments in R&D expenditures in 2021 and 2022 are NT$1,600,000,000 and NT$1,700,000,000, respectively.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

The Company abides by national policies and laws, related units monitor closely to any changes in major policies and laws and cooperate to adjust the company's internal system and operations activities to ensure smooth operations of the company.

(V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

1. Semiconductor technology is constantly developing towards the precision manufacturing process, it will increase demands for high level photomasks relatively. The Company continues to expand its production capacity, purchase high level manufacturing machinery, and currently the company is in sound financial position, which is sufficient to respond to the company's future technology development demand. Impacts to the company's finance and business from technology changes and industry changes are limited.
2. Information security risk assessment
   (1) Information security risk management framework
   To raise information security management, the Company's dedicated information security unit "IT Management department" and management department's managers, are responsible for the Company's information security governance, planning, supervision and execution, to build a total information security defense capability and good employee awareness of information security.
   (2) Information security policy and specific management program
   - Establish procedures for information processing system management to protect computer and internet security, implementing information security management through strengthening the concept, preventive measures, conduct records, active precaution, regular audits and so on procedures.
   - Formulate information security risk events notification management procedures assigning related personnel with necessary responsibility to facilitate rapid handling of information security incidents.
   - Establish information security facilities and systems change management notification mechanisms to prevent leaks in system security.
   - Handle prudently and protect personal data in accordance with the provisions as stipulated in "Computer-Processed Personal Data Protection Law."
   - Establish backup facility, regular execution of necessary data, software and backup procedures, to prepare for disaster or malfunction in storage media, enabling rapid recovery back to normal operation. However, it is not possible to guarantee a complete avoidance of illegal intrusion by third parties who use internet virus attack, serious internet attacks may result in system problems interrupting the company's operations or prying of confidential information. These attacks may result in compensations to customers of the losses incurred from delays or interruptions from the company, or the need to bear expenses for rebuilding system security protection.
   (3) Information security risk events
   The Company has not discovered any information security risk events in 2020.

(VI) Effect on the Company's crisis management from changes in the Company's corporate image and measures to be taken in response: None of such situations.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None of such situations.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None of such situations.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures

being or to be taken:

1. In response to frequent changes to market demands, supply aspects need to have flexibility. Various major materials required by the Company's operations are steadily supplied by multiple suppliers. There have been plans each year in assessing new suppliers. The company plans to collaborate actively with suppliers for the supply of raw materials and equipment required by operations in the coming one year.
2. Major sales customers of the Company are well-known companies, proportion of revenues from customers are diverted across major industries, there are no risks of concentration of sales.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

The Company's major shareholders are fairly supportive of the company's operations and management levels and submit timely reports to the Board of Directors and on shareholding situations of the top 10% major shareholders in accordance with the Securities and Exchange Act. There have been no situations of transfer of major quantities of shares or changed hands in the most recent fiscal year and up to the annual report publication date, thus, it has no effects on the Company.

(XI) Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII) Litigation or non-litigation matters, list major litigations, non-litigation or administrative litigation matters where a court's decision has been made or action is still pending of the company and company directors, supervisors, general manager, the de facto responsible persons, shareholders with over 10% shareholding, where the results may have a significant impact on shareholders' rights and interests or prices of securities, shall disclose facts of disputes, price or claim value, litigation start date, major parties of the litigation and handling situation up to publication date of the annual report.

In the case of the former chairman involvement with the Securities and Exchange Act, the Supreme Court made the (109) Tai-Shang-Zhi #964 ruling on February 19, 2021, and reversed and remended the guilty part of the verdict made by the Taiwan High Court in the (108) Jin-Shang-Su-Zhi #31 verdict on December 18, 2019, and sent the verdict back to the Taiwan High Court.

(XIII) Other important risks, and mitigation measures being or to be taken:

Our Philosophy

There is only one earth. Since the establishment of Taiwan Mask Corporation (TMC) in 1988, the Company is committed to protecting the earth's environment and the pursuit of sustainable development. Persistence in its management philosophy of equal importance between environmental protection and economy, ongoing enhancement of its pollution prevention work and continue working on energy savings improvements, formulated environmental policy covering four major directions in "Energy saving and carbon reduction, pollution prevention, legal compliance, and continuous improvement," promoting related work in environmental protection and implementation details. The Company's three

facilities had successfully passed the ISO14001 management system and ISO9001 quality management system certifications. Adopting the plan-do-check-act model in combination with the company's internal audit, continue to promote environmental work. TMC has actively participated in environmental protection missions, implementing The Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive, RoHS, effectively implemented RoHS Directive and REACH_SVHC within the enterprise, with its products regularly sent to SGS for inspections and to obtain compliance status reports.

- **Environmental policy**

1. Energy saving and waste reduction

Continue to track various energy exhaustion situations, adjust parameters or add new inverters, replace equipment to achieve energy saving effects. Establish water usage records for each system, analyze wastewater quality of each system, after treatment of reusable wastewater and recycle back to manufacturing or supply to water cooling tanks or wash towers for use, reducing replenished water use from municipality. Top priority is for waste to be recycled and reused, followed by treatment by an incinerator. For waste not suitable for the first two options, are sent for landfill. Promote waste recycling and separation to increase resource recycling rate, and through educational training and company systems to raise employees' environmental protection concept. The office promotes paperless operations using electronic signature systems as replacement, other paper information is requested for double sided printing to reduce paper use.

Water saving (2020)

The recycling of pure water from the production line wet process machine and weak acid-alkaline wastewater can save more than 13,245 tonnes of tap water and reduce the amount of wastewater each year.

Energy saving (2019)

The 1,202 light tubes in the clean rooms of Plant 1 and 2 are replaced with LED tubes. The measure saves about 168,472kW a year, or about NT$438 thousand a year. Adjusted the pressure difference in the cleanrooms and shut off some air-conditioning boxes to save 10.56kW*NT$2.5*24H*365 days=231 thousand/year.

2. Pollution prevention

To avoid polluting the environment, effectively adopt preventive measures to prevent raw materials or manufacturing processes from generating wastes and harmful substances, leaks of untreated wastes into the surrounding environment, resulting in environmental pollution. Set-up leakage detection equipment for early detection to avoid resulting in pollution to spread, affecting personnel, equipment, and safety of the environment.

Preventive equipment's maintenance and improvement, wastewater, air emissions and wastes generated from manufacturing operations can be treated appropriately, important parameters of various equipment are connected to the central monitoring system for instant monitoring.

(1) Water pollution preventive system and recycling and reuse

Wastewater system control parameters are connected to the Siemens monitoring system for wastes, enabling instant monitoring of system operations situations. Adopts onsite second time prevention setup with overflow tank and detection equipment setup, to avoid incidents such as wastewater leakage or returning water from the release pond with abnormal water quality during system malfunction or tank damage resulting in environmental pollution. To avoid release of wastewater that does not qualify for the standards, carry out regular maintenance, raise treatment efficiency to achieve lowering added drug dosage and raise the capability for appropriate handling, early detection of abnormality and treatment to maintain normal operations of systems. Results from regular testing every half year shows that they are lower than discharge standards.

(2) Air pollution prevention

Wash tower undergoes routine maintenance changing raschig ring and nozzle to guarantee prevention performance, elevating equipment stability, to ensure gas releases meets legal requirements. Important parameters are connected to Siemens monitoring system for instant monitoring of operations situations. Regular testing results show that various pollutants density is lower than legal limits.

(3) Waste management

The waste storage area meets legal requirements, avoids open air storage, and ensures that packaging does not scatter around. Qualified waste service providers are commissioned for waste cleanup, controlling flow volume according to laws and regulations, requesting the service providers to provide necessary documents of appropriate handling.

3. Complying with laws and regulations

Truly understand the government's request relating to environmental laws and regulations, prepare analysis of the registration form of the regulations and the company's legality, actively participate in various regulatory briefings held by government units. Regular inspection and testing in accordance to laws and regulations to ensure meeting environmental legal standards, and promote the government's environmental policies to employees, increasing their environmental protection and legal requirements knowledge, ensuring effective implementation of the company's environmental protection policies.

4. Continuous improvements

Formulate annual environmental protection targets and key implementation items. Review and audit implementation outcomes each year to ensure effective implementation of continuous improvements of the policies raising environmental quality.

The Company's greenhouse gas emissions, water consumption volume and total weight of wastes generated over the past two years.

	2019	2019
Water consumption (tonnes)	195,049	232,115
Total waste weight (tonnes)	20.48	28.40
Greenhouse gas emissions volume (kilograms CO_2e)	10,861,900	10,793,956

- **Management of safety and health**

The Company achieves prevention of accidents from occurrence through management spirit of planning, implementation, inspections and actions under the management of safety and health framework, promoting the objectives of employee safety and health, and protecting company assets. The key point of the policy is on establishing a safe work environment, actively prevent occupational harm and illness, protecting employees' wellbeing and health, and enhancing the awareness of all employees towards environmental protection, safety and health, responsibilities and accountabilities, and shaping a photomask company culture of environmental protection, safety and health values.

1. Education and training

Regularly conduct safety and health educational trainings, such as contractor management, chemicals safety management, personal protective equipment (PPE)s, safety audit management and various preventive measures, and conduct practical drills, reducing employee and company assets damages and impacts to society and environment due to disasters to the minimum.

2. Environmental monitoring

In terms of operations environment, conduct environmental inspections every half a year, including legal definitions of physical and chemical factors such as carbon dioxide concentrations, lighting, noise, harmful substances as regulated by domestic laws and regulations. Through operations environmental monitoring, if there are occurrence of signs of abnormality in the operations environment, or evaluation results show impacts to employee health, the factory unit will immediately implement operations behavior observations and improvement measures, ensuring risk exposures from harmful factors are reduced to acceptable range.

3. Wellbeing and health

In terms of ensuring protection and promotion of employee wellbeing and health, regularly organize free employee health checkup each year. For this year, the employee health checkup items are better than the implementation items listed by law, and established big fours of labor health protection (human induced risk prevention plan, illegal violation prevention plan, maternal health protection plan, and irregular workload management plan) under collaborations between the company's labor safety and environmental protection unit and specialized medical doctors and nurses. Conduct one-to-one medical consultation services according to the company's employee's individual health report, and commits to prevention, planning and execution of projects for prevention of brain and cardiovascular diseases due to long work hours and night shift work, and maternal health protection and management. Provide various wellbeing and health promoting resources and organize related activities from time to time in the future. Proactively promotes employee health in addition to protecting employees from work hazards.

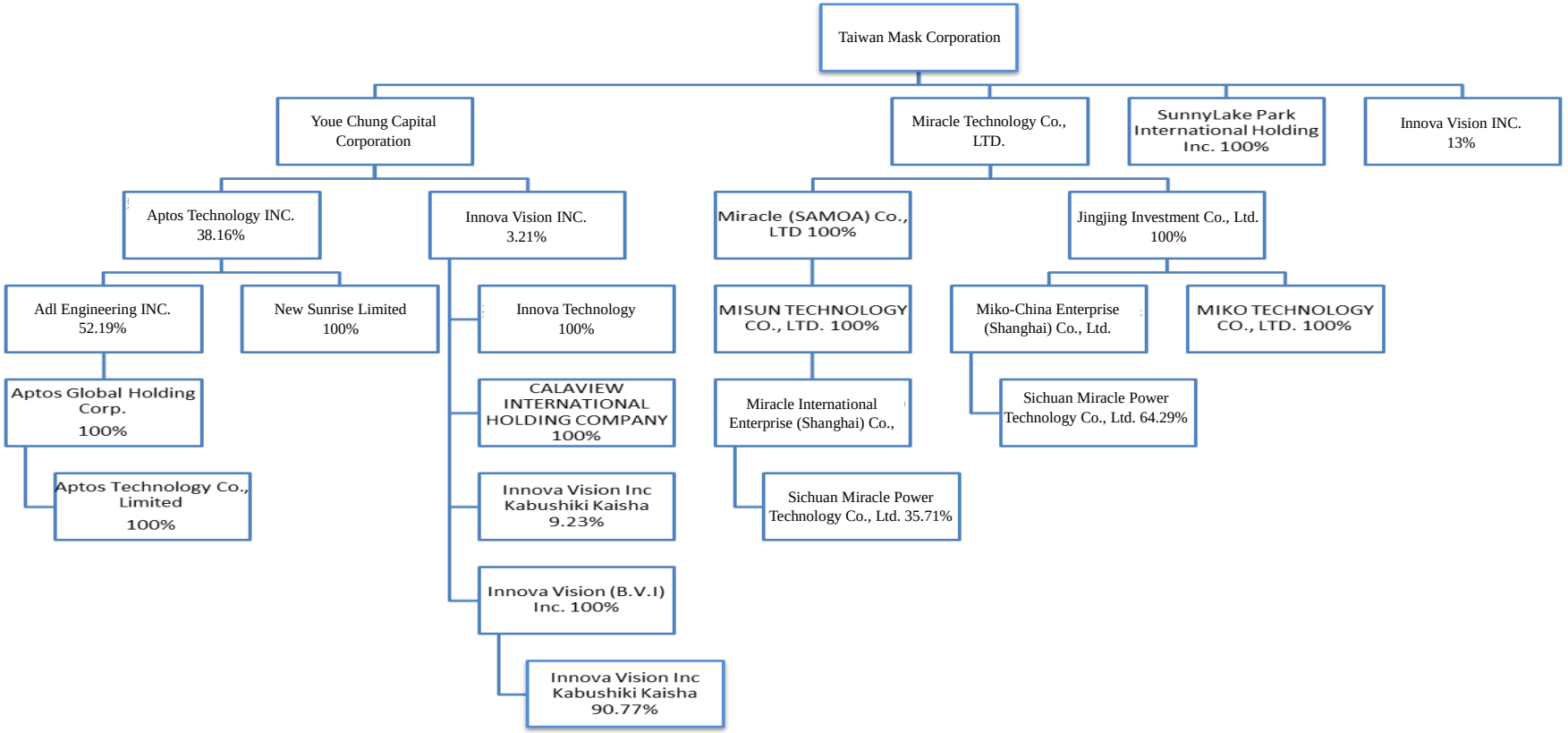
VII. Other important matters: None.

Eight. Special Items to be Included

I. Information of affiliated companies

(I) Organizational chart of affiliated companies

December 31, 2020



(II) Performance of affiliated companies

December 31, 2020 Unit: NT$Thousand

Name of entity	Amount of Capital	Total assets	Total Liabilities	Total Equity	Operating revenue	Operating profit	Profit and Loss of the Period (after taxes)
Youe Chung Capital Corporation	2,019,695	3,742,313	887,049	2,855,264	-	- 7,425	802,419
SunnyLake Park International Holdings,Inc	103,045	5,355	-	5,355	-	-62	-62
Miracle Technology CO., LTD.	229,550	812,786	464,668	348,118	909,364	21,052	68,595
Jingjing Investment Co., Ltd.	162,636	251,950	43,388	208,562	-	-69	31,694
Miracle (SAMOA) Co.,Ltd	10,215	57,592	-	57,592	-	-	37,415
Misun Technology Co.,Ltd	10,215	57,592	-	57,592	-	-	37,415
Miko Technology Co.,Ltd	37	37,675	86	37,589	-	-23,770	-23,761
Miko-China Enterprise (Shanghai) Co., Ltd.	3,283	229,144	15,596	213,548	131,789	92,282	68,748
Miracle International Enterprise(Shanghai) Co., Ltd.	10,215	271,550	220,845	50,705	977,668	50,187	38,176
Sichuan Miracle Power Technology Co., Ltd.	32,529	46,326	19,515	26,811	119,496	4,413	4,607
Aptos Technology INC.	883,900	686,230	844,891	-158,661	377,749	-245,650	-252,309
Adl Engineering INC.	119,845	74,154	2,076	72,078	-	-13,371	-4,737
New Sunrise Limited	-	-	-	-	-	-	-
Apoto Global Holding Corp.	29,795	-	-	-	-	-	-
Apoto Technology Co., Limited	29,648	-	-	-	-	-	-
Innova Vision INC.	200,000	155,096	301,459	-146,363	86,990	-244,549	-269,521
CalaView International Hoding Company Limited	4,337	160,940	-	160,940	-	-	460
InnoVa Vision Kabushiki Kaisha	US$3,243,214.54	US$562,314.18	US$2,722,921.78	-US$2,160,607.60	US$683,174.20	-US$189,788.83	-US$164,628.77
InnoVa Vision (B.V.I.) Inc	US$1,000,000.00	US$5,539.54	US$1,961,166.88	-US$1,955,627.34	-	-	-US$149,425.61
Innova Technology	35,000	7,076	39,983	-32,907	12,405	-18,080	-19,538

Note: On December 16, 2020, Innova Vision held elections for all directors at its extraordinary general meeting. The Company's subsidiary Youe Chung Capital Corporation obtained substantial control of this company. Therefore, Innova Vision and its subsidiaries have been included in the consolidated financial report.

(III) Information on the directors, supervisors, general manager of each affiliated company

December 31, 2020; Unit: Shares; NT$; %

Name of entity	Job title	Name or Representative	Shareholding	
			Number of shares (capital contributions)	Proportion
Youe Chung Capital Corporation	Chairperson	Taiwan Mask Corporation, Representative: Chang-Ji Hsu	201,969,484	100%
	Director	Taiwan Mask Corporation, Representative: Shih-Hsien Chao		
	Director	Taiwan Mask Corporation, Representative: Vincent Tsai		
Sunnylake Park International Holdings, Inc.	Director	Taiwan Mask Corporation, Representative: Parkson Chen	USD 3,120,000	100%
Miracle Technology CO., LTD.	Chairperson	Taiwan Mask Corporation, Representative: Chang-Ji Hsu	22,955,033	100%
	Director	Taiwan Mask Corporation, Representative: Bao Bing		
	Director	Taiwan Mask Corporation, Representative: Yung-Ming Chao		
	Supervisor	Taiwan Mask Corporation, Representative: Ya-Hui Huang		
Jingjing Investment Co., Ltd.	Chairperson	Miracle Technology CO., LTD., Representative: Yung-Ming Chao	16,263,599	100%
Miracle (SAMOA) Co.,Ltd	Chairperson	Miracle Technology CO., LTD., Representative: Yung-Ming Chao	750,000	100%
Misun Technology Co., Ltd	Chairperson	Miracle (SAMOA) Co.,Ltd Representative: Yung-Ming Chao	750,000	100%
Miko Technology Co., Ltd	Chairperson	Jingjing Investment Co., Ltd., Representative: Yung-Ming Chao	10,000	100%
Miko-China Enterprise (Shanghai) Co., Ltd.	Legal representative	Jingjing Investment Co., Ltd., Representative: Yung-Ming Chao	CNY 696,466.20	100%
	Supervisor	Jingjing Investment Co., Ltd., Representative: Pei-Chen Chen		
Miracle International Enterprise(Shanghai) Co., Ltd.	Legal representative	Misun Technology Co., Ltd representative: Vincent Tsai	CNY 2,483,070.00	100%
	Supervisor	Misun Technology Co., Ltd representative: Shu-Mei Jan		
Sichuan Miracle Power Technology Co., Ltd.	Legal representative	Miko-China Enterprise (Shanghai) Co., Ltd. Representative: Yung-Ming Chao	CNY 4,500,000.00	64.29%
	Supervisor	Miko-China Enterprise (Shanghai) Co., Ltd. Representative: Pei-Chen Chen		

Name of entity	Job title	Name or Representative	Shareholding	
			Number of shares (capital contributions)	Proportion
Aptos Technology	Chairperson	Youe Chung Capital Corporation, Representative: Chang-Ji Hsu	33,732,108	38.16%
	Director	Youe Chung Capital Corporation, Representative: Chi-Chang Lo		
	Director	Youe Chung Capital Corporation, Representative: Nester Huang		
	Director	Youe Chung Capital Corporation, Representative: Chih-Ming Chen		
	Supervisor	Yu-Chen Lai	500,000	0.57%
	Supervisor	Chin-I Chou	0	0.00%
Adl Engineering INC.	Chairperson	Aptos Technology INC., Representative: Chia-Jung Wu	6,255,069	52.19%
	Director	Aptos Technology INC., Representative: Chi-Chang Lo		
	Director	Wen-Chuan Huang	0	0.00%
	Supervisor	Chin-I Chou	174	0.00%
Aptos Global Holding Corp.	Director	Adl Engineering INC.	NTD 29,795,000	100.00%
Aptos Technology Co., Limited	Director	Aptos Global Holding Corp.	NTD 29,647,500	100.00%
New Sunrise Limited	Director	Aptos Technology INC.	Note	100.00%
Innova Vision INC.	Chairperson	Youe Chung Capital Corporation, Representative: Mei-Hui Li	641,281	3.21%
	Director	Youe Chung Capital Corporation, Representative: Yu-Shian Tsai		
	Director	Youe Chung Capital Corporation, Representative: Jui-Jung Huang		
	Director	Youe Chung Capital Corporation, Representative: Yao-Lun Chen		
	Director	Youe Chung Capital Corporation, Representative: Sheng-Chung Kuo		
	Supervisor	Jing-Ying Huang	0	0.00%
Innova Technology	Director	Innova Vision representative: Ming-Cheng Lin	3,500,000	100%
InnoVa Vision (B. V. I.)Inc.	Director	Innova Vision representative: Parkson Chen	USD 1,000,000	100%
	Director	Innova Vision representative: Sheng-Chung Kuo		

InnoVa Vision Kabushiki Kaisha	Director	Sheng-Chung Kuo	5,900	90.77%
	Director	晴峰 賢一		
	Director	Man-Hsueh Yu		
CalaView International Hoding Company Limited	Director	Innova Vision representative: Mei-Hui Li	USD 149,000	100.00%

Note: New Sunrise Limited was established in 2015, Aptos Technology has not invested at that time.

(IV) Basic information of each affiliate

December 31, 2020; Unit: NT$Thousand

Name of entity	Date of incorporation	Address	Paid-up capital	Main business activities
Youe Chung Capital Corporation	2004/03/10	4F., No. 38, Shengli 2nd Road, Zhubei City, Hsinchu County	NTD2,019,695	Investment
SunnyLake Park International Holdings,Inc	2000/10/17	Citco Building,Wickhams Cay, P.O.Box662, Road Town,Tortola, British Virgin Islands	USD3,120	Investment
Miracle Technology CO., LTD.	1993/11/22	4F., No. 38, Shengli 2nd Road, Zhubei City, Hsinchu County	NTD229,550	Electronics components manufacturing, electronics materials and precision equipment distribution and product design business
Jingjing Investment Co., Ltd.	2006/10/13	4F., No. 38, Shengli 2nd Road, Zhubei City, Hsinchu County	NTD162,636	Investment
Miracle(SAMOA) Co.,Ltd	2002/11/21	Vistra Corporate SerVices Centre,Ground Floor NPF Building,Beach Road,Apia,Somoa	USD300	Investment
Misun Technology Co.,Ltd	2002/12/03	Suite 802,St James Court St Denis Street,Port Louis,Mauritius.	USD300	Investment
Miko Technology Co.,Ltd	1997/12/08	Room 1203, 12/F., Tung Wah Mansion,199-203 Hennessy Road, Wanchai, Hong Kong.	HK10	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design
Miko-China Enterprise (Shanghai) Co., Ltd.	2010/05/17	Room 301, Building #3, No. 1077, ZuChongZhi Road, ZhangJiang Hi-Tech Science Park, PuDong, Shanghai Zip: 201203	CNY696	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design
Miracle International Enterprise(Shanghai) Co., Ltd.	2004/02/09	Room 204, Building #3, No. 1077, ZuChongZhi Road, ZhangJiang Hi-Tech Science Park, PuDong, Shanghai Zip: 201203	CNY2,483	IC product design, production and sales
Sichuan Miracle Power Technology Co., Ltd.	2017/06/06	No. 598, Yulong Rd, Chuanshan District, Suining City, Sichuan Province, PR China Innovative Innovation Incubation Center, 5F, No. 5001-5002	CNY7,000	IC product design, production and sales
Aptos Technology INC.	2006/03/10	No. 398-1, Youyi Road, Zhunan Township, Miaoli County	NTD883,900	Electronics components
Adl Engineering INC.	2007/05/29	5F, No. 65, Guangfu North Road, Hukou Township, Hsinchu County	NTD119,845	Electronics components
New Sunrise Limited	2015/12/10	Offshore Chambers, P.O. Box 217, Apia, Samoa	(Note)	Investment
Aptos Global Holding Corp.	2010/08/02	Second Floor, Capital City, Independence AVenue, P.O. Box 1008, Vicotria, Seychelles	NTD29,795	Investment
Aptos Technology Co., Limited	2010/08/20	Room 6, 16/F., Workingbond Commercial Centre 162-164 Prince Edward RD West, Mong Kok, Kowloon, Hong Kong	NTD29,648	Investment
Innova Vision INC.	2000/01/21	No. 231-1, Wende Road, Qionglin, Hsinchu County	NTD200,000	Medical equipment manufacturing, retail and wholesale
Innova Technology	2003/05/29	No. 231-1, Wende Road, Qionglin, Hsinchu County	NTD35,000	Medical equipment retail and wholesale
InnoVa Vision Kabushiki Kaisha	2001/05/16	2-9-2 HigashiNihonbashi Chuo-ku,Tokyo,Japan	JPY325,000	Medical equipment retail and wholesale
InnoVa Vision(B.V.I.)Inc	2009/08/10	OMC Chambers,Wickhams Cay1, Road Town, Tortola, British Virgin Islands.	USD1,000	Investment

Note: New Sunrise Limited was established in 2015, Aptos Technology has not invested at that time.

(V) Consolidated Financial Statements

The companies that are required to be included in the affiliated companies' consolidated financial statements are the same as those included in the consolidated financial statements of parent company and subsidiaries prepared in conformity with the International Accounting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the affiliated companies' consolidated financial statements is included in the consolidated financial statements of the aforesaid parent company and subsidiaries. Thus, the Company only presents the declaration on the cover page of the consolidated financial report of parent company and subsidiaries, and will not prepare separate affiliated companies' consolidated financial statements and its declaration (Please refer to this handbook Chapter "Six. Overview of Financial Status" and "IV. Latest financial report").

(VI) Relationship report: Not applicable.

(VII) Information on the controlling and controlled entities presumably sharing the same shareholders: None.

II. Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year and up to the date of publication of the annual report:

Unit: NT$Thousand; Thousand shares; %

Subsidiary Name	Paid-in Amount of Capital	Fund Source	Company Ratio of Share	Acquisition or disposal Date	Number of shares Acquired	Amount Acquired	Number of shares disposal	Amount Investment assets	Number of shares publication date No. of	Set pledge status annual report	Endorsement/Guarant	Amount of Company's Loans to Subsidiarie
Youe Chung Capital Corporation	2,555,677 NT$Thousand	Cash flow generated from operation Fund	100%	2020 until April 30, 2021	-	-	-	-	Number of shares 37,081 thousand shares Amount: NT$2,651,323 thousand	17,332 lots	None	None

Note 1: “Amount” refers to the actual amount acquired or disposed of.
Note 2: Effects to the financial performance and financial situation of the company: Not applicable.

IV. Other supplementary information: None.

V. Situations listed in Article 36, paragraph 2, sub-paragraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed: None.

Taiwan Mask Corporation

Chairman: Sean Chen