

Stock Code: 2425

Chaintech Technology Corporation
CHAINTECH TECHNOLOGY CORPORATION

2021 General Shareholders' Meeting
Meeting Handbook
(Translation)

Time and Date: 9:00 a.m, Wednesday, June 16, 2021

Place: 2F., No. 223, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City,
Taiwan (R.O.C.) (Taipei Innovation City Convention Center)

Tel: (02) 2913-8833

Notice to Readers:

For the convenience of readers, the Meeting Handbook has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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Chaintech Technology Corporation

2021 General Shareholders' Meetings

Procedures and Agenda

Time and Date: 9:00 a.m, Wednesday, June 16, 2021

Place: 2F., No. 223, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)
(Taipei Innovation City Convention Center)

I. Calling the Meeting to Order

II. Chairman's Remarks

III. Meeting Agenda

(I) Report Items

1. 2020 Business Report
2. Supervisor's Audit Report on the 2020 annual final accounting books and statements
3. Distribution of remuneration for employees and directors for 2020

(II) Proposals

1. Approval of the 2020 Business Reports and Financial Statements.
2. Approval of the 2020 Profit Distribution Plan.

(III) Extempore Motions

(IV) Adjournment

Report Items

I. 2020 Business Report. Please check it.

Please refer to Pages 7~9 of the Meeting Handbook for CHAINTECH's 2020 Business Report.

II. Supervisor's Audit Report on the 2020 annual final accounting books and statements

Please refer to Pages 32~33 of the Meeting Handbook for the Supervisor's Review Report.

III. Report on Status of 2020 remuneration to employees and directors.

- (I). In accordance with Article 19 of the Articles of Incorporation, if the Company has earnings, it shall set aside no less than 0.1% of the balance as remuneration to the employees and no greater than 6% of the balance as remuneration to directors.
- (II). The Board of Directors of CHAINTECH has adopted the remuneration and payment proposal of employees, directors and supervisors for the year 2020 by resolution on March 23, 2021. The distribution is as follows:
 - 1. Employees' remuneration was NT\$2,535,012 (paid in cash).
 - 2. Remuneration of directors and supervisors was NT\$7,129,722. (in the form of cash)
- (III). The amount of the aforementioned remuneration is consistent with the estimated amount of expenses for 2020.

Proposals

Proposal 1

Proposed by the Board of Directors

Proposal: To ratify the 2020 Business Report and Financial Statements

Explanation: CHAINTECH's Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements for 2020 have been prepared and approved by the Board of Directors on March 23, 2021. The aforementioned Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by CPA Feng, Min-Chuan and CPA Lin, Ya-Hui of Pricewaterhouse Coopers (PwC) Taiwan. The CPAs have issued an Auditor's Report with unqualified opinion which, together with the Business Report, was submitted to the Supervisors for review. Please refer to Attachment I~III (Pages 7~33). Please proceed to adopt.

Resolution:

Proposal 2:

Proposed by the Board of Directors

Proposal: To discuss the Company's 2020 earnings distribution

Explanation:

- I. The Company's undistributed earnings at the beginning of the period amounted to NT\$526,870,298. After deducting the change in net equity of associates and joint ventures accounted for under equity method of NT\$2,625,643, the net profit after tax in 2020 was NT\$145,906,584. The distributable earnings for the period is NT\$713,662,899 after the provision of 10% legal reserve of NT\$14,328,094 and the special reserve of NT\$57,839,754. The Company intended to distribute a shareholders' cash dividend of NT\$0.50 per share in a total amount of NT\$48,249,415. The earnings distribution table is set out below.
- II. After approval at the shareholders' meeting, the Board of Directors shall authorize the Chairman to set an ex-dividend date, distribution date and other related matters.
- III. The cash dividend is calculated according to the shares held by the shareholders recorded in the register of the shareholders as of the ex-dividend date, and is distributed in proportion to the amount rounded off to the nearest NT Dollar, with the decimal places removed. The total rounded off amounts, are accounted as other income in the Company's financial statements.
- IV. In the event that the proposed profit distribution affects the number of outstanding shares due to the changes in capital, or the ratio of dividend distribution is changed due to the transfer of treasury shares to the employees, the Chairman is authorized to handle and announce such matters.

Resolution:

Chaintech Technology Corporation
Earnings Distribution Table for 2020

Unit: NT\$

Content	Total	Remark
Undistributed retained earnings, at the beginning of the period	526,870,298	
Less: Change in net equity of associates and joint ventures accounted for under equity method	(2,625,643)	
Adjusted beginning balance of retained earnings	524,244,655	
Add: Profit after tax of the period	145,906,584	
Less: Provision of 10% legal reserve	(14,328,094)	
Add: Reversal of special reserve	57,839,754	
Retained earnings available for distribution for this period	713,662,899	
Distribution items:		
Cash dividends for shareholders (NT\$0.50 per share)	48,249,415	
Undistributed earnings at the end of the period	665,413,484	

Note: All the earnings distribution of the year are provided from the distributable earnings after tax in 2020.

Chairman: Kao, Shu-Jung Manager: Kao, Shu-Jung Accounting Supervisor: Lai, Yu-Nu

Resolution:

Extempore Motions:

Adjournment:

Attachments

Chaintech Technology Corporation

2020 Business Report

I. 2020 Business Results

CHAINTECH's consolidated operating revenues in 2020 was NT\$4,672,310 thousand, a decrease of 1.39% from that of NT\$4,738,182 thousand in 2019. Net profit after tax was NT\$183,413 thousand, net profit attributable to owners of the parent company was NT\$145,907 thousand, and net profit after tax per share was NT\$1.51.

CHAINTECH's business results for 2020 and business plan for 2021 are summarized below:

(I) Results of operations based on our business plan

Unit: NT\$ thousand; %

Item	2020	2019	Increase (Decrease) by Amount	Increase (Decrease) %
Operating revenue	4,672,310	4,738,182	-65,872	-1.39
Gross profit	437,005	332,636	104,369	31.38
Operating Margin	226,211	132,133	94,078	71.2
Net profit after tax	183,413	128,679	54,734	42.54
Net profit attributable to owners of parent company	145,907	106,942	38,965	36.44
Net profit on non-controlling interest	37,506	21,737	15,769	72.54
Net Profit after Tax per Share (NT\$)	1.51	1.06	0.45	42.45

(II) Financial Position and Profitability Analysis:

Item \ Year		2020	2019
Financial structure %	Ratio of liabilities to assets	33.59	27.77
	Ratio of long-term capital to property, plant and equipment	5,568.84	2,774.45
Solvency %	Current ratio	241.58	302.73
	Quick ratio	204.28	241.47
	Times interest earned ratio	30.16	26.82
Profitability %	Return on Assets (ROA) %	7.13	6.07
	Return on Equity (ROE) %	10.04	7.45
	Net profit margin	3.93	2.72
	Earnings per Share after Tax (NT\$)	1.51	1.06

I. Outline of 2021 Business Plan

In the face of future market changes, CHAINTECH's business policy, expected targets and important production and marketing policies are as follows:

(I). Business Policy

1. Marketing: Continue to strengthen the close cooperation between distributors and agents, build different types of sales channels, and strengthen cooperation with clients with sound financial structure.
2. Financial policy: Focus on stable operations and strict control over the quality of accounts receivable, make collections according to the terms of sales to ensure the asset preservation, and carry out production by order to maintain low inventories and the efficiency of working capital.
3. R&D policy: Develop all-in-one server of work management, container management, and maintenance management system based on Docker, Kubernetes, and Hadoop, and integrate multiple development tools specifically for AI model development to establish high-efficiency information processing solutions.

(II). Estimated sales volume and supporting information

After the introduction of new products in the fourth quarter of 2020, the GeForce RTX 30 series with Ampere architecture has shown a significant improvement in performance and cost performance compared to RTX 20 series GPUs based on the Turing architecture. The market demand for graphics cards

has picked up obviously, and the number of sales is expected to increase in 2021 compared with that in 2020.

(III). Important Production and Marketing Policies

Maintain relationships with various suppliers to secure the raw materials and ensure the manufacturing capacity. Continue to improve technology R&D and product quality, provide products that meet customer needs, and unremittingly build new sales channels.

CHAINTECH is committed to maintaining its financial health and stable operations based on its existing core values. It continues to maintain the technical quality of the products, strengthen product performance and marketing channels through the production and supplier management. Facing the changing industry environment of board card market, CHAINTECH will strive to adjust its product structure. In addition to investing in blockchain industry, passive component industry, AI industry and 5G industry, CHAINTECH will also continue to expand its high-level manpower in software development, improve the use performance of AI servers through the software of the AI development management platform, and enhance its competitiveness on the integration of hardware and software systems of AI servers, so as to increase the quality of product projects and technologies, and maintain the sustainable development and stable profit of the enterprise under the situation of continuous changes in market demand. On behalf of the management team of CHAINTECH Technology Corporation, I would like to take this opportunity to once again express our gratitude for your continued support and encouragement.

Chairman: Kao, Shu-Jung

Manager: Kao, Shu-Jung

Accounting Supervisor: Lai, Yu-Nu

Independent Auditors' Report and Financial Statements

(110) Cai-Shen-Bao-Zi No. 20005262

To Chaintech Technology Corporation:

Audit Opinions

The independent auditors have audited the accompanying consolidated balance sheets of Chaintech Technology Corporation and subsidiaries (hereinafter referred to as "the Group") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinions, the accompanying consolidated financial statements, in all material respects, give a true and fair view of the consolidated financial position of the Group as of December 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations as endorsed by the Financial Supervisory Commission of the Republic of China (the "FSC").

Basis of Audit Opinion

For the consolidated financial statements 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 the Generally Accepted Auditing Standards (GAAS) of the Republic of China. For consolidated financial statements for the year ended December 31, 2019, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," "Financial Supervisory Commission Letter Jin-Guan-Zheng-Shen-Zi No. 1090360805 dated February 25, 2020," and the GAAS of the Republic of China. Our responsibilities under those standards are further described in the section of Responsibilities of Certified Public Accountants for Auditing the Consolidated Financial Statements. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the foundation of our audit opinion.

Key Audit Matters

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

Key audit matters for the consolidated financial statement of the Group for the year ended December 31, 2020 are stated as follows:

Sales revenue cut-off

Description

Regarding the accounting policy for recognition of sales revenues, please refer to Notes 6 (aa) to the consolidated financial statements. For the description of sales revenue, please refer to Note 6 r. to the consolidated financial statements.

The Group has engaged in the trading and manufacturing of computer peripherals. Sales revenue will not be recognized until customers take the delivery of goods from the warehouse and the transfer control has passed. The Group mainly relies on the statements or other information provided by the depository of the delivery warehouse, then uses the actual shipment made by the warehouse to the customer as the basis for recognizing the income.

The recognition of the turnover from the warehouse is based on the information and report provided by the depository as the basis for recognizing the sales revenue. Such revenue recognition generally involves a large number of manual operations. Considering that the volume of the shipments of the Group is large, and the amount of transaction before and after the financial date has a significant impact on the financial statements, the independent auditors have thus listed the sales revenue as the most important matter for this year's audit.

Corresponding audit procedures

We have performed the following key audit procedures for the matter mentioned above:

1. Understand revenue recognition and adjustment procedures for revenue cut-off for shipment from the depository of warehouse of the Group. Then, inspect the appropriateness of the revenue's recognition from the warehouse, including understanding of the relevant internal control procedures, obtaining information and the statements provided by the depository.
2. Carry out an internal control test for the sales revenue from the warehouse in order to make sure that the Group determine the sales recognition when the customer receives the delivery of goods and the right of control is transferred.

3. Perform a closing test for sales revenue from delivery of warehouses for a certain period before and after the balance sheet date, including the verification of shipment certificates and that revenue recognition is recorded in the appropriate period.
4. Make an written inquiry into the stock quantity in the warehouse and check if the inventory quantity on the record is correct.

Impairment of intangible assets

Description

As of December 31, 2020, the balance of intangible assets was NT\$180,171. Please refer to Note 6 k. for the assessment of the impairment of non-financial assets. To assess whether intangible assets are impaired, the Group estimates the future cash flows based on the cash-generating units to which the intangible assets belong, and measures the recoverable amount of such cash-generating units at an appropriate discount rate. As the estimation of future cash flow involves many assumptions that may greatly affect the recoverable amount, we identify the Group's assessment of the impairment of intangible assets as one of the key audit matters for the year.

Corresponding audit procedures

We have performed the following key audit procedures for the matter mentioned above:

We have carried out the following audit procedures based on the goodwill impairment test report issued by a third-party valuation expert appointed by management:

1. Assess the expertise, competence, and objectivity of the independent valuation experts appointed by management and verify their qualifications, and discuss with management the scope of work of the valuation experts and review the appointment conditions to verify that no conditions that may affect their objectivity or inhibit their work scope exist, and that the methods used by them are consistent with the IFRSs and industry regulations.
2. Understand and evaluate the process and the basis where management has made its projections of the growth rate of the future operations in terms of sales and profit margin.
3. Adopt the evaluation models and important assumptions (including discount rate, etc.) provided by financial experts of our firm, compare the data in assumptions made by management to market and historical data, and check the calculation to ensure the appropriateness of management's judgment.

Other Matters – Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Chaintech Technology Corporation for the years ended December 31, 2020 and 2019, for which we have issued the audit report with an unqualified opinion for reference.

Responsibility 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 (IFRSs), International Accounting Standards (IASs), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations as endorsed by the FSC, 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, the responsibility of management includes assessing the Group's ability to continue as a going concern, disclosing going concern related matters, as well as adopting going concern basis of accounting unless management intends to liquidate the Group or terminate the business, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Responsibilities of Certified Public Accountants for Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the GAAS of Republic of China will always detect a material misstatement when it exists. Misstatements may arise from fraud and error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sum could have influence on the economic decisions made by the users of the consolidated financial statements, it will be deemed as material.

As part of an audit in accordance with the GAAS of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also execute the following tasks:

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 that 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 adopted by management and the reasonableness of the accounting estimates and related disclosures made accordingly.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine 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 auditor's report to the related disclosures in the consolidated financial statements; or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the Group to no longer continue as a going concern.
5. Evaluate the overall expression, structure, and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence with regard to the financial information of the entities within the Group to express an opinion about the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the Norm 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 are of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Feng, Min-Chuan

Certified Public Accountants

Lin, Ya-Hui

Former Securities and Futures Bureau, Financial
Supervisory Commission Approved Certification Number:
Jin-Guan-Zheng-Liu-Zi No. 0960038033
Financial Supervisory Commission Approved Certification
Number: Jin-Guan-Zheng-Shen-Zi No. 1070323061
March 23, 2021

Chaintech Technology Corporation and Subsidiaries
Consolidated Balance Sheets
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousands

Assets		Notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	VI(I)	\$ 330,087	11	\$ 360,088	15
1110	Financial asset at fair value through profit and loss - current	VI(II)	237,671	8	184,273	8
1150	Notes receivable, net	VI(IV)	3,187	-	-	-
1170	Accounts receivable, net	VI(IV)	531,724	18	335,326	14
1180	Accounts receivable from related parties, net	VI(IV) and VII	770,724	27	616,786	26
1200	Other receivables		1,761	-	2,778	-
1220	Current tax assets		29,859	1	9,044	-
130X	Inventories	VI(V)	273,611	10	346,795	15
1410	Prepayments		84,624	3	51,882	2
1470	Other current assets	VI(VII) and VIII	56,887	2	63,085	3
11XX	Total current assets		2,320,135	80	1,970,057	83
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	VI(III)	186,150	6	137,045	6
1550	Investments using equity method	VI(VI)	133,573	5	-	-
1600	Property, plant, and equipment	VI(VIII)	34,723	1	62,003	3
1755	Right-of-use assets	VI(IX)	17,060	1	11,364	-
1780	Intangible assets	VI(X)	180,171	6	188,971	8
1840	Deferred tax assets	VI(XXIV)	3,132	-	3,435	-
1900	Other non-current assets		36,602	1	8,740	-
15XX	Total non-current assets		591,411	20	411,558	17
1XXX	Total assets		\$ 2,911,546	100	\$ 2,381,615	100

(Continued)

Chaintech Technology Corporation and Subsidiaries
Consolidated Balance Sheets
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousands

Liabilities and equity			December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	VI(XIII) and VIII	\$ 402,027	14	\$ 156,597	7
2130	Current contract liabilities	VI(XVIII)	67,620	2	14,545	1
2150	Notes payable		-	-	24	-
2170	Accounts payable		358,229	12	358,860	15
2180	Accounts payable to related parties	VII	13,462	1	10,741	-
2200	Other payables	VI(XIV) and VII	100,834	4	98,983	4
2230	Current tax liabilities		10,952	-	-	-
2280	Current lease liabilities		6,719	-	5,942	-
2300	Other current liabilities		568	-	442	-
21XX	Total current liabilities		960,411	33	646,134	27
Non-current liabilities						
2570	Deferred tax liabilities	VI(XIV)	2,592	-	5,489	-
2580	Non-current lease liabilities		10,623	1	5,619	1
2600	Other non-current liabilities	VI(XXVI)	4,252	-	4,130	-
25XX	Total non-current liabilities		17,467	1	15,238	1
2XXX	Total liabilities		977,878	34	661,372	28
Equity						
Equity attributable to owners of the parent						
	Share capital	VI(XVI)				
3110	Ordinary shares		1,014,988	35	1,014,988	42
3200	Capital surplus		100	-	-	-
	Retained earnings	VI(XVII)				
3310	Legal reserve		132,984	4	122,290	5
3320	Special reserve		97,541	3	112,514	5
3350	Unappropriated retained earnings		670,152	23	551,542	23
	Other equity					
3400	Other equity		(39,702)	(1)	(97,541)	(4)
3500	Treasury shares	VI(XVI)	(151,746)	(5)	(151,746)	(6)
31XX	Total equity attributable to owners of the parent		1,724,317	59	1,552,047	65
36XX	Non-controlling interests		209,351	7	168,196	7
3XXX	Total equity		1,933,668	66	1,720,243	72
	Significant contingent liabilities and unrecognized contract commitments	IX				
3X2X	Total liabilities and equity		\$ 2,911,546	100	\$ 2,381,615	100

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as well.
Chairman: Shu-Jung Kao President: Shu-Jung Kao Chief Accounting Officer: Yu-Nu Lai

Chaintech Technology Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousand (EPS in NT\$)

Items	Notes	2020		2019	
		Amount	%	Amount	%
4000 Operating revenue	VI(XII)(XVIII) and VII	\$ 4,672,310	100	\$ 4,738,182	100
5000 Operating costs	VI(V)(XII) (XXII) and (XXIII)	(4,235,305)	(91)	(4,405,546)	(93)
5950 Gross profit from operations		437,005	9	332,636	7
Operating expenses	VI(XII) (XXII) (XXIII) and VII				
6100 Selling expenses		(105,616)	(2)	(107,889)	(2)
6200 Administrative expenses		(83,744)	(2)	(77,153)	(2)
6300 Research and development expenses		(17,887)	-	(16,627)	-
6450 Gain (loss) on expected credit losses	XII(III)	(3,547)	-	1,166	-
6000 Total operating expenses		(210,794)	(4)	(200,503)	(4)
6900 Operating income		226,211	5	132,133	3
Non-operating income and expenses					
7100 Interest income		794	-	4,457	-
7010 Other income	VI(XIX)	7,115	-	3,951	-
7020 Other gains and losses	VI(XI)(XX)	(26,072)	(1)	17,248	-
7050 Financial costs	VI(XXI)	(6,503)	-	(5,884)	-
7060 Share of profit or loss of associates and joint ventures accounted for using equity method	VI(VI)	(11,921)	-	-	-
7000 Total non-operating income and expenses		(36,587)	(1)	19,772	-
7900 Profit before tax		189,624	4	151,905	3
7950 Tax expense	VI(XXIV)	(6,211)	-	(14,681)	-
8000 Profit from continuing operations		183,413	4	137,224	3
8100 Loss from discontinued operations	VI(XII)	-	-	(8,545)	-
8200 Profit		\$ 183,413	4	\$ 128,679	3

(Continued)

Items	Notes	2020		2019	
		Amount	%	Amount	%
Other comprehensive income, net					
Items that will not be reclassified to profit or loss					
8316 Unrealized valuation gain (loss) on equity instruments measured at fair value through other comprehensive income	VI(III)	\$ 49,105	1	\$ 28,060	-
8310 Total amount of items that will not be reclassified to profit or loss		49,105	1	28,060	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of foreign operation		12,383	-	(13,087)	-
8360 Total amount of items that may be reclassified subsequently to profit or loss		12,383	-	(13,087)	-
8300 Other comprehensive income, net		\$ 61,488	1	\$ 14,973	-
8500 Total comprehensive income (loss)		\$ 244,901	5	\$ 143,652	3
Net income attributable to:					
8610 Owners of the parent		\$ 145,907	3	\$ 106,942	2
8620 Non-controlling interests		37,506	1	21,737	1
		\$ 183,413	4	\$ 128,679	3
Total comprehensive income attributable to:					
8710 Owners of the parent		\$ 203,746	4	\$ 121,915	3
8720 Non-controlling interests		41,155	1	21,737	-
		\$ 244,901	5	\$ 143,652	3
Basic earnings per share	VI(XXV)				
9710 Profit from continuing operations		\$	1.51	\$	1.14
9720 Loss from discontinued operations		-		(0.08)	
9750 Basic earnings per share		\$ 1.51		\$ 1.06	
Diluted earnings per share	VI(XXV)				
9810 Profit from continuing operations		\$	1.51	\$	1.14
9820 Loss from discontinued operations		-		(0.08)	
9850 Diluted earnings per share		\$ 1.51		\$ 1.06	

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Shu-Jung Kao

President: Shu-Jung Kao

Chief Accounting Officer: Yu-Nu Lai

Chaintech Technology Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousands

		Equity attributable to owners of the parent																					
			Capital surplus - changes in the net worth of associates and joint ventures accounted for using equity method	Retained earnings			Other equity																
Notes	Ordinary shares			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of financial statements of foreign operation	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity											
<u>2019</u>																							
		\$	1,014,988	\$	-	\$	97,859	\$	88,481	\$	645,310	(\$	36,515)	(\$	75,999)	\$	-	\$	1,734,124	\$	-	\$	1,734,124
			-		-		-		-		106,942		-		-		-		106,942		21,737		128,679
			-		-		-		-		-		(13,087)		28,060		-		14,973		-		14,973
			-		-		-		-		106,942		(13,087)		28,060		-		121,915		21,737		143,652
Appropriation and distribution of earnings for 2018	VI(XVII)																						
			-		-		24,431		-	(	24,431)		-		-		-		-		-		-
			-		-		-		24,033	(	24,033)		-		-		-		-		-		-
			-		-		-		-	(	152,246)		-		-		-	(	152,246)		-	(	152,246)
			-		-		-		-		-		-		-	(	151,746)	(	151,746)		-	(	151,746)
			-		-		-		-		-		-		-		-		-		146,459		146,459
Balance as of December 31, 2019		\$	1,014,988	\$	-	\$	122,290	\$	112,514	\$	551,542	(\$	49,602)	(\$	47,939)	(\$	151,746)	\$	1,552,047	\$	168,196	\$	1,720,243
<u>2020</u>																							
		\$	1,014,988	\$	-	\$	122,290	\$	112,514	\$	551,542	(\$	49,602)	(\$	47,939)	(\$	151,746)	\$	1,552,047	\$	168,196	\$	1,720,243
			-		-		-		-		145,907		-		-		-		145,907		37,506		183,413
			-		-		-		-		-		8,734		49,105		-		57,839		3,649		61,488
			-		-		-		-		145,907		8,734		49,105		-		203,746		41,155		244,901
Appropriation and distribution of earnings for 2019	VI(XVII)																						
			-		-		10,694		-	(	10,694)		-		-		-		-		-		-
			-		-		-		(	14,973)	14,973		-		-		-		-		-		-
			-		-		-		-	(	28,950)		-		-		-	(	28,950)		-	(	28,950)
Changes in the net worth of associates and joint ventures accounted for using equity method	VI(VI)		-		100		-		-	(	2,626)		-		-		-	(	2,526)		-	(	2,526)
Balance as of December 31, 2020		\$	1,014,988	\$	100	\$	132,984	\$	97,541	\$	670,152	(\$	40,868)	\$	1,166	(\$	151,746)	\$	1,724,317	\$	209,351	\$	1,933,668

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Shu-Jung Kao

President: Shu-Jung Kao

Chief Accounting Officer: Yu-Nu Lai

Chaintech Technology Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

		January 1 to December 31, 2020	Unit: NT\$ thousands January 1 to December 31, 2019
	Notes		
<u>Cash flows from operating activities</u>			
Profit from continuing operations before tax		\$ 189,624	\$ 151,905
Loss from discontinued operations before tax		-	(8,485)
Profit before tax		<u>189,624</u>	<u>143,420</u>
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	VI(VIII)(XXII)	24,609	21,219
Depreciation expenses on right-of-use assets	VI(IX)(XXII)	7,193	5,916
Amortization expenses	VI(X)(XXII)	11,670	10,184
Loss (gain from reversal) on expected credit losses	XII(III)	3,547	(1,166)
Net loss (gain) on financial assets at fair value through profit or loss	VI(II)(XX)	(6,124)	(2,792)
Loss (gain) on disposal of investments		-	370
Interest expenses	VI(XXI)	6,503	5,884
Interest income		(794)	(4,461)
Dividend income	VI(XIX)	(3,079)	(3,053)
Share of profit or loss of associates accounted for using equity method	VI(VI)	11,921	-
Loss on disposal of property, plant, and equipment	VI(XVIII)	-	474
Gain on disposal of discontinued operations	VI(X)	-	(26,313)
Impairment loss	VI(VI)(XI)(XX)	1,980	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss		(49,084)	(179,726)
Notes receivable		(3,117)	-
Accounts receivable (including related parties)		(350,311)	162,626
Other receivables		1,017	10,887
Inventories		75,045	(164,870)
Prepayments		(30,504)	(50,260)
Other current assets		45	28,204
Other non-current assets		2,173	(44,853)
Net changes in operating liabilities			
Contract liabilities		53,075	5,853
Notes payable		(24)	24
Accounts payable (including related parties)		(184)	77,533
Other payables		1,655	33,943
Other current liabilities		125	(22,925)
Cash flows generated from (used in) operations		(53,039)	6,118
Interest received		794	4,616
Dividends received		3,079	3,053
Interest paid		(6,306)	(5,324)
Income tax paid		(18,670)	(80,371)
Net cash flows used in operating activities		<u>(74,142)</u>	<u>(71,908)</u>
<u>Cash flows from investing activities</u>			
Net cash flows from acquisition of subsidiaries		-	(160,987)
Disposal of property, plant, and equipment		2,803	-
Acquisition of property, plant, and equipment	VI(XXVII)	(2,359)	(48,994)
Proceeds from disposal of subsidiaries	VI(X)	-	151,565
Proceeds from capital reduction of investments		-	5,974
Increase in restricted assets		(23,882)	(28,390)
Acquisition of investments accounted for using equity method	VI(VI)	(150,000)	-
Net cash flows used in investing activities		<u>(173,438)</u>	<u>(80,832)</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	VI(XXVIII)	245,430	156,597
Decrease in guarantee deposits received	VI(XXVIII)	58	1,013
Repayments of lease liabilities	VI(XXVIII)	(7,110)	(5,949)
Cash dividends paid	VI(XVII)	(28,950)	(152,246)
Payments to acquire treasury shares		-	(151,746)
Net cash flows generated from (used in) financing activities		<u>209,428</u>	<u>(152,331)</u>
Effect of exchange rate changes		8,151	12,248
Net decrease in cash and cash equivalents		(30,001)	(292,823)
Cash and cash equivalents at beginning of period		360,088	652,911
Cash and cash equivalents at end of period		<u>\$ 330,087</u>	<u>\$ 360,088</u>

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Shu-Jung Kao

President: Shu-Jung Kao

Chief Accounting Officer: Yu-Nu Lai

Independent Auditors' Report
(110) Cai-Shen-Bao-Zi No. 20004788

To Chaintech Technology Corp.,

Audit Opinion

The independent auditors have audited the accompanying parent company only balance sheets of Chaintech Technology Corporation (hereinafter referred to as "the Company") as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows for the years then ended, and the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinions, the accompanying parent company only financial statements, in all material respects, give a true and fair view of the parent company only financial position of the Company as of December 31, 2020 and 2019, and of its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis of Audit Opinion

For the parent company only financial statements 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 the Generally Accepted Auditing Standards (GAAS) of the Republic of China. For parent company only financial statements for the year ended December 31, 2019, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," "Financial Supervisory Commission Letter Jin-Guan-Zheng-Shen-Zi No. 1090360805 dated February 25, 2020," and the GAAS of the Republic of China. Our responsibilities under those standards are further described in the Responsibilities of Certified Public Accountants for Auditing the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the foundation of our audit opinion.

Key Audit Matters

Key audit matters refer to matters that, in our professional judgment, are of most significance in our audit of the parent company only financial statement of the Company for the year ended December 31, 2020. These matters are addressed in the context of our audit of the parent company only financial statements as a whole, and in forming out opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statement of the Company for the year ended December 31, 2020 are stated as follows:

Sales revenue cut-off

Description

Regarding the accounting policy for recognition of sales revenues, please refer to Note IV(XXIV) to the parent company only financial statements. For the description of sales revenue, please refer to Note VI(XV) to the parent company only financial statements.

The Company has engaged in the trading and manufacturing of computer peripherals. Sales revenue will not be recognized until customers take the delivery of goods from the warehouse and the transfer control has passed. The Company mainly relies on the statements or other information provided by the depository of the delivery warehouse, then uses the actual shipment made by the warehouse to the customer as the basis for recognizing the income.

The recognition of the turnover from the warehouse is based on the information and report provided by the depository as the basis for recognizing the sales revenue. These revenue recognitions generally involve a large number of manual operations. Considering that the volume of the shipments of the Company is large, and the amount of transaction before and after the financial statement date has a significant impact on the financial statements, the independent auditors have thus listed the sales revenue as the most important matter for this year's audit.

Corresponding audit procedures

We have performed the following key audit procedures for the matter mentioned above:

1. Understand revenue recognition and adjustment procedures for revenue cut-off for shipment from the depository of warehouse of the Company. Then, inspect the appropriateness of the revenue's recognition from the warehouse, including understanding of the relevant internal control procedures, obtaining information and the statements provided by the depository.
2. Carry out an internal control test for the sales revenue from the warehouse in order to make sure that the Company determines the sales recognition when the customer receives the delivery of goods and the right of control is transferred.
3. Perform a closing test for sales revenue from delivery of warehouses for a certain period before and after the balance sheet date, including the verification of shipment certificates and that revenue recognition is recorded in the appropriate period.
4. Make an written inquiry into the stock quantity in the warehouse and check if the inventory quantity on the record is correct.

Assessment of impairment of intangible assets by Shenzhen Jinghong Digital R&D Service Co., Ltd. - investments accounted for using the equity method

Description

Regarding the accounting policy for assessment of impairment of investments accounted for using the equity method, please refer to Note IV(XV) to the parent company only financial statements. For the estimation and assumption uncertainty in assessment of impairment of investments accounted for using the equity method, please refer to Note V(II) to the parent company only financial statements. For the description of impairment of non-financial assets, please refer to Note VI(X) to the parent company only financial statements.

In 2019, the Company had a 51% equity interest in Sitonholy (Tianjin) Technology Co., Ltd. through Shenzhen Jinghong Digital R&D Service Co., Ltd. Goodwill and customer relationships were recognized in investments accounted for using the equity method according to the equity purchase contract. This has a significant impact on the parent company only financial statements of the Company.

To assess whether intangible assets are impaired, Shenzhen Jinghong Digital R&D Service Co., Ltd. estimates the future cash flows based on the cash-generating units to which the intangible assets belong, and measures the recoverable amount of such cash-generating units at an appropriate discount rate. As the estimation of future cash flow involves many assumptions that may greatly affect the recoverable amount, we identify the assessment of the impairment of intangible assets by Shenzhen Jinghong Digital R&D Service Co., Ltd. as one of the key audit matters for the year.

Corresponding audit procedures

We have performed the following key audit procedures for the matter mentioned above:

We have carried out the following audit procedures based on the goodwill impairment test report issued by a third-party valuation expert appointed by management:

1. Assess the expertise, competence, and objectivity of the independent valuation experts appointed by management and verify their qualifications, and discuss with management the scope of work of the valuation experts and review the appointment conditions to verify that no conditions that may affect their objectivity or inhibit their work scope exist, and that the methods used by them are consistent with the IFRSs and industry regulations.
2. Understand and evaluate the process and the basis where management has made its projections of the growth rate of the future operations in terms of sales and profit margin.
3. Adopt the evaluation models and important assumptions (including discount rate, etc.) provided by financial experts of our firm, compare the data in assumptions made by management to market and historical data, and check the calculation to ensure the appropriateness of management's judgment.

Responsibility of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial

Reports by Securities Issuers," and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the responsibility of management includes assessing the Company's ability to continue as a going concern, disclosing going concern related matters, as well as adopting going concern basis of accounting unless the management intends to liquidate the Company or terminate the business, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Company's financial reporting process.

Responsibilities of Certified Public Accountants for Auditing the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the GAAS of Republic of China will always detect a material misstatement when it exists. Misstatements may arise from fraud or error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sum could have influence on the economic decisions made by the users of the parent company only financial statements, it will be deemed as material.

As part of an audit in accordance with the GAAS of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also execute the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements; or, if such

disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or circumstances may cause the Company to no longer continue as a going concern. Evaluate the overall expression, structure, and contents of the parent company only financial statements (including related notes) and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

4. Obtain sufficient and appropriate audit evidence with regard to the financial information of the entities within the Company to express an opinion about the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the Norm 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 are of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Feng, Min-Chuan

Certified Public Accountants

Lin, Ya-Hui

Former Securities and Futures Bureau, Financial Supervisory
Commission Approved Certification Number:
Jin-Guan-Zheng-Liu-Zi No. 0960038033
Financial Supervisory Commission Approved Certification
Number: Jin-Guan-Zheng-Shen-Zi No. 1070323061
March 23, 2021

Chaintech Technology Corporation
Parent Company Only Balance Sheets
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousands

Assets			December 31, 2020		December 31, 2019			
			Amount	%	Amount	%		
Current assets								
1100	Cash and cash equivalents	VI(I)	\$	149,370	6	\$	187,565	9
1110	Financial asset at fair value through profit and loss - current	VI(II)		-	-		2,172	-
1170	Accounts receivable, net	VI (IV)		361,570	15		227,710	11
1180	Accounts receivable from related parties, net	VI(IV) and VII		770,724	32		616,786	30
1220	Current tax assets			24,310	1		24,267	1
130X	Inventories	VI(V)		174,218	7		290,324	14
1470	Other current assets	VI(VI) and VIII		59,702	2		63,837	3
11XX	Total current assets			1,539,894	63		1,412,661	68
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	VI(III)		186,150	8		137,045	6
1550	Investments using equity method	VI(VII)(X)		652,125	27		472,349	23
1600	Property, plant, and equipment	VI(VIII)		32,489	1		55,272	3
1755	Right-of-use assets	VI(IX)		4,444	-		5,925	-
1840	Deferred tax assets	VI(XXI)		3,132	-		3,435	-
1900	Other noncurrent assets			30,040	1		53	-
15XX	Total non-current assets			908,380	37		674,079	32
1XXX	Total Assets		\$	2,448,274	100	\$	2,086,740	100

(Continued)

Chaintech Technology Corporation
Parent Company Only Balance Sheets
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousands

Liabilities and equity			Notes	December 31, 2020		December 31, 2019		
				Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	VI(XI)	\$	402,027	17	\$	156,597	8
2150	Notes payable			-	-		24	-
2170	Accounts payable			254,683	10		319,099	15
2200	Other payables	VII		59,856	3		52,839	3
2230	Current tax liabilities			2,588	-		-	-
2280	Current lease liabilities			1,498	-		1,408	-
2300	Other current liabilities			170	-		94	-
21XX	Total current liabilities			720,822	30		530,061	26
2580	Non-current lease liabilities			3,135	-		4,632	-
25XX	Total non-current liabilities			3,135	-		4,632	-
2XXX	Total liabilities			723,957	30		534,693	26
Equity								
	Share capital	VI(XIII)						
3110	Ordinary shares			1,014,988	42		1,014,988	49
3200	Capital surplus			100	-		-	-
	Retained earnings	VI(XIV)						
3310	Legal reserve			132,984	5		122,290	6
3320	Special reserve			97,541	4		112,514	5
3350	Unappropriated retained earnings			670,152	27		551,542	26
	Other equity							
3400	Other equity		(	39,702)	(2)	(	97,541)	(5)
3500	Treasury shares	VI(XIII)	(	151,746)	(6)	(	151,746)	(7)
3XXX	Total equity			1,724,317	70		1,552,047	74
	Significant contingent liabilities and unrecognized contract commitments	IX						
3X2X	Total liabilities and equity		\$	2,448,274	100	\$	2,086,740	100

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as well.
Chairman: Shu-Jung Kao Manager: Shu-Jung Kao Accounting Officer: Yu-Nu Lai

Chaintech Technology Corporation
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousand (EPS in NT\$)

	Item	Notes	2020		2019	
			Amount	%	Amount	%
4000	Operating revenue	VI(XV) and VII	\$ 3,515,850	100	\$ 3,591,114	100
5000	Operating costs	VI(V)(XIX)(XX)	(3,287,024)	(94)	(3,432,847)	(96)
5950	Gross profit from operations		228,826	6	158,267	4
	Operating expenses	VI(XIX)(XX) and VII				
6100	Selling expenses		(45,525)	(1)	(50,243)	(1)
6200	Administrative expenses		(26,108)	(1)	(24,926)	(1)
6300	Research and development expenses		(2,914)	-	(3,404)	-
6450	Expected credit losses	XII	(124)	-	-	-
6000	Total operating expenses		(74,671)	(2)	(78,573)	(2)
6900	Operating income		154,155	4	79,694	2
	Non-operating income and expenses					
7100	Interest income		420	-	2,437	-
7010	Other revenue	VI(XVI)	4,485	-	3,246	-
7020	Other gains and losses	VI(X)(XVII)	(29,528)	(1)	14,881	1
7050	Finance costs	VI(XVIII)	(6,306)	-	(5,682)	-
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method	VI(VII)	25,548	1	11,172	-
7000	Total non-operating income and expenses		(5,381)	-	26,054	1
7900	Profit before tax		148,774	4	105,748	3
7950	Income tax expenses (benefits)	VI(XXI)	(2,867)	-	1,194	-
8200	Profit		\$ 145,907	4	\$ 106,942	3
	Other comprehensive income, net					
	Items that will not be reclassified to profit or loss					
8316	Unrealized valuation gain (loss) on equity instruments measured at fair value through other comprehensive income	VI(III)	\$ 49,105	2	\$ 28,060	1
8310	Total amount of items that will not be reclassified to profit or loss		49,105	2	28,060	1
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operation		8,734	-	(13,087)	(1)
8360	Total amount of items that may be reclassified subsequently to profit or loss		8,734	-	(13,087)	(1)
8300	Other comprehensive income, net		\$ 57,839	2	\$ 14,973	-
8500	Total comprehensive income (loss)		\$ 203,746	6	\$ 121,915	3
	Basic earnings per share	VI(XXII)				
9750	Profit		\$ 1.51		\$ 1.06	
	Diluted earnings per share	VI(XXII)				
9850	Profit		\$ 1.51		\$ 1.06	

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as well.

Chairman: Shu-Jung Kao

Manager: Shu-Jung Kao

Accounting Officer: Yu-Nu Lai

Chaintech Technology Corporation
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019

Unit: NT\$ thousands

	Notes	Ordinary shares	Capital surplus - changes in the net worth of associates and joint ventures accounted for using equity method	Retained earnings			Other equity		Treasury shares	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of financial statements of foreign operation	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
2019										
Balance as of January 1, 2019		\$ 1,014,988	\$ -	\$ 97,859	\$ 88,481	\$ 645,310	(\$ 36,515)	(\$ 75,999)	\$ -	\$1,734,124
Profit		-	-	-	-	106,942	-	-	-	106,942
Other comprehensive income (loss)		-	-	-	-	-	(13,087)	28,060	-	14,973
Total comprehensive income (loss)		-	-	-	-	106,942	(13,087)	28,060	-	121,915
Appropriation and distribution of earnings for 2018:	VI(XIV)									
Legal reserve appropriated		-	-	24,431	-	(24,431)	-	-	-	-
Special reserve appropriated		-	-	-	24,033	(24,033)	-	-	-	-
Cash dividends paid		-	-	-	-	(152,246)	-	-	-	(152,246)
Treasury shares repurchased		-	-	-	-	-	-	-	(151,746)	(151,746)
Balance as of December 31, 2019		\$ 1,014,988	\$ -	\$ 122,290	\$ 112,514	\$ 551,542	(\$ 49,602)	(\$ 47,939)	(\$ 151,746)	\$ 1,552,047
2020										
Balance as of January 1, 2020		\$ 1,014,988	\$ -	\$ 122,290	\$ 112,514	\$ 551,542	(\$ 49,602)	(\$ 47,939)	(\$ 151,746)	\$ 1,552,047
Profit		-	-	-	-	145,907	-	-	-	145,907
Other comprehensive income (loss)		-	-	-	-	-	8,734	49,105	-	57,839
Total comprehensive income (loss)		-	-	-	-	145,907	8,734	49,105	-	203,746
Appropriation and distribution of earnings for 2019:	VI(XIV)									
Legal reserve appropriated		-	-	10,694	-	(10,694)	-	-	-	-
Special reserve appropriated		-	-	-	(14,973)	14,973	-	-	-	-
Cash dividends paid		-	-	-	-	(28,950)	-	-	-	(28,950)
Changes in the net worth of associates accounted for using equity method	VI(VII)	-	100	-	-	(2,626)	-	-	-	(2,526)
Balance as of December 31, 2020		\$ 1,014,988	\$ 100	\$ 132,984	\$ 97,541	\$ 670,152	(\$ 40,868)	\$ 1,166	(\$ 151,746)	\$ 1,724,317

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as well.

Chairman: Shu-Jung Kao

Manager: Shu-Jung Kao

Accounting Officer: Yu-Nu Lai

Chaintech Technology Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

		Unit: NT\$ thousands	
	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 148,774	\$ 105,748
Adjustments			
Income charges (credits)			
Depreciation expenses	VI(VIII)(XIX)	22,895	13,341
Depreciation expenses on right-of-use assets	VI(IX)(XIX)	1,481	1,481
Expected credit losses	XII	124	-
Valuation adjustment for financial assets at fair value through profit or loss	VI(II)(XVII)	(1,049)	(447)
Interest income		(420)	(2,437)
Interest expenses	VI(XVIII)	6,306	5,682
Dividend income	VI(XVI)	(3,079)	(3,053)
Share of profit or loss of subsidiaries accounted for using equity method	VI(VII)	(25,548)	(11,172)
Gain on disposal of investments accounted for using equity method	VI(XVII)	-	(25,943)
Impairment loss	VI(VII)(X)(XVII)	1,980	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss		3,221	30
Accounts receivable (including related parties)		(287,922)	74,068
Other receivables		-	155
Inventories		116,106	(194,491)
Other current assets		220	(1,657)
Net changes in operating liabilities			
Notes payable		(24)	24
Accounts payable (including related parties)		(64,416)	162,240
Other payables		6,820	(10,511)
Other current liabilities		76	(99)
Cash flows generated from (used in) operations		(74,455)	112,959
Interest received		420	2,437
Dividends received		3,079	3,053
Interest paid		(6,109)	(5,302)
Income tax paid		(19)	(78,672)
Net cash flows generated from (used in) operating activities		(77,084)	34,475
<u>Cash flows from investing activities</u>			
Acquisition of investments accounted for using equity method	VI(VII)	(150,000)	(259,609)
Disposal of investments accounted for using equity method	VI(VII)	-	157,539
Acquisition of property, plant, and equipment	VI(XXIII)	(2,350)	(48,597)
Decrease in other current assets		(23,882)	(28,390)
Increase (decrease) in other non-current assets		48	(48)
Net cash flows used in investing activities		(176,184)	(179,105)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	VI(XXIV)	245,430	156,597
Repayments of lease liabilities	VI(XXIV)	(1,407)	(1,570)
Cash dividends paid	VI(XIV)	(28,950)	(152,246)
Payments to acquire treasury shares		-	(151,746)
Net cash flows generated from (used in) financing activities		215,073	(148,965)
Effect of exchange rate changes		-	(51)
Net decrease in cash and cash equivalents		(38,195)	(293,646)
Cash and cash equivalents balance at beginning of period		187,565	481,211
Cash and cash equivalents balance at end of period		\$ 149,370	\$ 187,565

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as well.
Chairman: Shu-Jung Kao Manager: Shu-Jung Kao Accounting Officer: Yu-Nu Lai

Chaintech Technology Corporation

Supervisors' Review Report

Whereas

The Financial Report and Consolidated Financial Report issued by the Board of Directors of CHAINTECH for the year 2020 have been audited by CPA Feng, Min-Chuan and CPA Lin, Ya-Hui of Pricewaterhouse Coopers (PwC) Taiwan, which, together with the proposal of the Business Report, have been reviewed by the supervisors and are considered to be consistent. Therefore, the review report has been prepared in accordance with Article 219 of the Company Act.

Please review.

Sincerely,

2021 Regular Shareholders' Meeting of CHAINTECH

Chaintech Technology Corporation

Supervisor: Chou, Chun-Tsun

Supervisor: Hsu, Sheng-Chin

March 26, 2021

Chaintech Technology Corporation

Supervisors' Review Report

Whereas

The proposal for the 2020 profit distribution has been reviewed by the supervisors and is considered to be consistent. Therefore, the review report has been prepared in accordance with Article 219 of the Company Act.

Please review.

Sincerely,

2021 Regular Shareholders' Meeting of CHAINTECH

Chaintech Technology Corporation

Supervisor: Chou, Chun-Tsun

Supervisor: Hsu, Sheng-Chin

May 7, 2021

Chaintech Technology Corporation Rules of Procedure for Shareholders' Meetings

Amended on June 21, 2013

1. Unless otherwise required by law, CHAINTECH's shareholders' meetings shall be governed by the Rules.
2. "Shareholder" referred to in these Rules means the shareholder himself/herself or his/her proxies authorized to attend the meeting.
3. CHAINTECH shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. If shareholders (or proxies) hand in the sign-in cards to CHAINTECH, it shall be deemed that the shareholders or proxies stated in the sign-in cards attended the meeting in person, and CHAINTECH shall not be held responsible for such attendance.

The shareholders shall exercise their voting rights by correspondence or in electronic form, and shall comply with the Regulations Governing the Administration of Shareholder Services of Public Companies.

- 3-1. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by CHAINTECH and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to CHAINTECH 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail; provided that, this restriction does not apply to the revocation of the previous proxy.

After a proxy form has been delivered to CHAINTECH, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to CHAINTECH before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

4. The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of Company Act.

5. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, a new chairman shall be elected by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. After close of the said meeting, shareholders shall not elect another chairman to hold another meeting at the same place or at any other place.
- 5-1. Shareholders holding more than 1% of the total number of issued shares can submit a proposal of regular shareholders meeting to CHAINTECH in writing. The proposal, acceptance, and review shall be handled in accordance with the Company Act and relevant laws and regulations.
6. When a meeting is in progress, the chairman may announce a break based on time considerations. If a meeting fails to be adjourned, the shareholders' meeting shall resolve to defer or reconvene the meeting within 5 days without notice and announcement.
7. Before speaking, an attending shareholder must specify on a speaker's slip the subject of

the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairman and such speaking shareholder; the chairman shall stop any such violations.

8. Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If a shareholder violates the provisions of the preceding paragraph or his speech exceeds the scope of the motion, or his speech disorder the meeting, the chairman may stop or suspend his speech, and other shareholders may also request the chairman to do so.

9. When the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed and call for a vote.

Except as otherwise provided in the Company Act and in the Articles of Incorporation of CHAINTECH, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (or proxies); If there is no objection upon the chairman's consultation, the voting shall be deemed to have passed and shall have the same effect as voting.

If there is any dissent, the chairman may, in the form of a protest, calculate by the voting rights in respect of the proposed resolution, and the calculation of the number of shares that may be passed upon the resolution, if the number of shares has not been passed, the resolution shall be deemed as passed, and the effect shall be the same as that of the voting.

11. Attendance at shareholders meetings shall be calculated based on the numbers of shares.
12. The venue for a shareholders meeting shall be the county or city where the head office is located, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
13. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, it shall be handled in accordance with Article 208 of the Company Act. When a managing director or director serves as chairman, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of CHAINTECH. The same requirements shall apply if the chairman for the

meeting is a director representative of a juristic person. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more conveners, the chairman shall be elected among themselves.

14. CHAINTECH may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
15. CHAINTECH, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

16. In addition to the motion stated in the agenda, the amended or alternative proposals of the original motion or other proposals proposed by the shareholders by an extraordinary motion shall be seconded by more than two shareholders, and the same shall apply to any changes in the agenda and the proposals of adjournment.
17. When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
18. When a juristic person is appointed to attend the shareholders meeting as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
19. After an attending shareholder (or proxy) has spoken, the chairman may respond in person or direct relevant personnel to respond. When discussing proposals, the chairman may announce the end of the discussion at an appropriate time, and may announce the termination of discussion if necessary.
20. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

The election of directors and supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of CHAINTECH, and the voting results shall be announced on-site immediately, including the names of those

elected as directors and supervisors and the numbers of votes with which they were elected.

21. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distribution of meeting minutes may be conducted in electronic form.

CHAINTECH may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of CHAINTECH.

22. In the event of any serious disaster, such as air alert, earthquake, fire, etc., during the proceedings of the meeting, the chairman shall immediately announce the cessation or suspension of the meeting. Participants shall evacuate each other. The chairman shall announce the time of the meeting one hour after the event is lifted.
23. Matters not stipulated in these rules shall be handled in accordance with the Company Act, other relevant laws and regulations and the Articles of Incorporation.
24. These Rules shall be implemented after approval by the shareholders' meeting. The same shall apply when these Rules are amended.

Chaintech Technology Corporation Articles of Incorporation

Chapter I General Provisions

Article 1: CHAINTECH is organized in accordance with the Company Act and named as CHAINTECH TECHNOLOGY CORPORATION.

Article 2: CHAINTECH may engage in the following business activities:

- (I) CC01010 Power Generation, Transmission and Distribution Machinery Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 2810 Manufacture of Power Generation, Transmission and Distribution Machinery; 2890 Manufacture of Other Electrical Equipment, applied to manufacturers of wind power generation equipment).
- (II) CC01030 Electrical and Audio and Video Electronic Products Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 2730 Manufacture of Audio and Video Electronic Products, 2851 Manufacture of Domestic Air-conditioning Equipment, 2852 Manufacture of Domestic Refrigerators, 2853 Manufacture of Domestic Laundering Equipment, 2854 Manufacture of Domestic Fans and 2859 Manufacture of Other Domestic Appliances)
- (III) CC01060 Wired Communication Machinery Equipment Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 2721 Manufacture of Telephones and Cellular Phones and 2729 Manufacture of Other Communication Equipment).
- (IV) CC01070 Wireless Communication Machinery Equipment Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 2721 Manufacture of Telephones and Cellular Phones, 2729 Manufacture of Other Communication Equipment and 2751 Manufacture of Measuring, Navigating and Control Equipment).
- (V) CC01080 Electronic Parts and Components Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the

Republic of China: 2630 Manufacture of Bare Printed Circuit Boards, 2691 Manufacture of Printed Circuit Assembly and 2699 Manufacture of Other Electronic Parts and Components Not Elsewhere Classified).

- (VI) CC01080 Telecommunications Controlled RF Equipment Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 2721 Manufacture of Telephones and Cellular Phones, 2729 Manufacture of Other Communication Equipment and 2760 Manufacture of Irradiation and Electromedical Equipment).
- (VII) CC01110 Computer and Peripheral Equipment Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 2711 Manufacture of Computers, 2712 Manufacture of Monitors and Terminals and 2719 Manufacture of Other Computer Peripheral Equipment).
- (VIII) CC01120 Magnetic and Optical Media Manufacturing and Copying (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 2740 Manufacture of Magnetic and Optical Media).
- (IX) CE01010 General Instruments Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 2751 Manufacture of Telephones and Cellular Phones and 2760 Manufacture of Irradiation and Electromedical Equipment).
- (X) CH01040 Toy Manufacturing (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: Manufacture of Toys).
- (XI) F102004 Wholesale of Tobacco Products and Alcoholic Beverages (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4546 Wholesale of Tobacco Products and Alcoholic Beverages).
- (XII) F109070 Wholesale of Cultural Goods, Musical Instrument and Recreation Goods (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4581 Wholesale of Books and Stationery, 4582 Wholesale of Sports Goods and 4583 Wholesale of Toys and Recreation Goods), but shall not engage in the wholesale of books, magazines or newspapers.
- (XIII) F113010 Wholesale of Machinery (limited to the category stipulated in

the Standard Industrial Classification of the Republic of China: 4643 Wholesale of Agricultural and Industrial Machinery and Equipment).

- (XIV) F113020 Wholesale of Electrical Appliances (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4561 Wholesale of Electrical Household Appliances).
- (XV) F113030 Wholesale of Precision Instruments (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4564 Wholesale of Household-type Photographic and Optical Goods and 4649 Wholesale of Other Machinery and Equipment).
- (XVI) F113050 Wholesale of Computers and Office Machinery and Equipment (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4641 Wholesale of Computers, Computer Peripheral Equipment and Software and 4644 Wholesale of Office Machinery and Equipment).
- (XVII) F113070 Wholesale of Telecommunications Equipment (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4642 Wholesale of Electronic Equipment and Parts), but shall not engage in the wholesale of core network equipment (such as switching and transmission equipment) of telecommunications.
- (XVIII) F118010 Wholesale of Information Software (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4641 Wholesale of Computers, Computer Peripheral Equipment and Software).
- (XIX) F119010 Wholesale of Electronic Material (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4642 Wholesale of Electronic Equipment and Parts).
- (XX) F203020 Retail Sale of Tobacco Products and Alcoholic Beverages (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: Retail Sale of Other Food, Beverages and Tobacco in Specialized Stores; Except for the retail sale of pharmacy, drugstore or live animals).
- (XXI) F209060 Retail Sale of Cultural Goods, Musical Instrument and Recreation Goods (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4761 Retail Sale of Books and Stationery in Specialized Stores, 4762 Retail Sale of Sports Goods in Specialized Stores, 4763 Retail Sale of Toys and Recreation

Goods in Specialized Stores and 4764 Retail Sale of Music and Video Recordings in Specialized Stores), but shall not engage in the retail sale of books, magazines or newspapers.

- (XXII) F213010 Retail Sale of Electrical Appliances (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: Retail Sale of Electrical Household Appliances in Specialized Stores).
- (XXIII) F213030 Retail Sale of Computers and Office Machinery and Equipment (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: Retail Sale of Computers, Computer Peripheral Equipment and Software in Specialized Stores).
- (XXIV) F213060 Retail Sale of Telecommunications Equipment (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4832 Retail Sale of Telecommunications Equipment in Specialized Stores), but shall not engage in the retail sale of core network equipment (such as switching and transmission equipment) of telecommunications.
- (XXV) F214030 Retail Sale of Motor Vehicles, Motorcycles Parts and Accessories in Specialized Stores (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: Retail Sale of Motor Vehicles, Motorcycles Parts and Accessories in Specialized Stores).
- (XXVI) F218010 Retail Sale of Information Software (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4831 Retail Sale of Computers, Computer Peripheral Equipment and Software in Specialized Stores).
- (XXVII) F219010 Retail Sale of Electronic Materials (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 4831 Retail Sale of Computers, Computer Peripheral Equipment and Software in Specialized Stores, 4832 Retail Sale of Telecommunications Equipment in Specialized Stores and 4833 Retail Sale of Audio and Video Equipment in Specialized Stores).
- (XXVIII) I501010 Product Design (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: Design Services for Special Products of 7402 Industrial Design Activities and Design Services for Special Products of 7409 Other Specialized Design Activities).

(XXIX) JA01010 Repair of Electrical and Electronic Products (limited to the category stipulated in the Standard Industrial Classification of the Republic of China: 9521 Repair of Computers and Peripheral Equipment, 9522 Repair of Communication Equipment and 9523 Repair of Audio and Video Equipment and Domestic Appliances).

Article 3: CHAINTECH shall have its head office in New Taipei City, the Republic of China, and may, pursuant to a resolution adopted at the board meeting, set up branch offices within or outside the territory of the Republic of China when deemed necessary. The total amount of foreign investment shall not be limited to 40% of the paid-in capital as specified in Article 13 of the Company Act.

Article 3-1: CHAINTECH may provide endorsement and guarantee and act as a guarantor due to business needs.

Article 4: CHAINTECH shall make public announcements in accordance with Article 28 of the Company Act.

Chapter II Shares

Article 5: The total capital of CHAINTECH is set as NT\$2.5 billion, divided into 250 million shares, with a par value of NT\$10 per share. The Board of Directors shall be authorized to issue the shares in installments. 10 million shares shall be retained to exercise warrants for stock warrants, preferred shares with warrant or convertible bonds with warrant (With respect to the issued shares referred to in the preceding paragraph, a centralized securities custody institution may request to consolidate to issue securities of large-denomination instead).

Article 6: (Deleted)

Article 7: CHAINTECH may issue shares without physical certificate(s) printed and may print collectively based on the total amount issued. The shares issued pursuant to the preceding paragraph shall be registered with a centralized securities depository enterprise.

Article 8: The registration of share transfers shall not be made within 60 days prior to the regular shareholders meeting, 30 days prior to the special shareholders meeting, or 5 days prior to the record date for the distribution of dividends, bonuses or other interests. Other stock affairs shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

Chapter III Shareholders' Meeting

Article 9: Shareholders' meeting shall be of two kinds: regular meeting and special meeting. The regular meeting of shareholders shall be held once every year and convened by the Board of Directors within six months after close of each fiscal year, while the special meeting of shareholders shall be held when necessary.

Article 10: In case a shareholder is unable to attend a meeting of the board of directors, he or she may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by CHAINTECH stating therein the scope of power authorized to the proxy. The use of the power of attorney shall be subject to the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" and "Company Act" published by the securities regulatory authority.

Article 11: Except in the circumstances otherwise provided for by laws and regulations, a shareholder of CHAINTECH shall have one voting power in respect of each share in his/her/its possession.

Article 12: Resolutions at a shareholders' meeting shall, unless otherwise provided for in relevant laws and regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 12-1: Resolutions made at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting, and the minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting.

The meeting minutes shall record the year, month, day, and place of the meeting, the chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results, and shall be kept in CHAINTECH together with the attendance book for signature of attending shareholders and power of attorney of proxy attending. The preparation, distribution and retention period of the meeting minutes mentioned in the preceding paragraph shall be handled in accordance with Article 183 of the Company Act.

Article 12-2: Where CHAINTECH registers for the issue of employee stock warrants and when the subscription price is lower than the closing price on the issue date, CHAINTECH is required to obtain the consent of at least two-thirds of the voting rights present at the shareholders meeting attended by shareholders representing a majority of total shares issued. It may, within one year from the date of the resolution of the shareholders' meeting, register in installments.

If the employee stock warrants are issued in accordance with the provisions of the preceding paragraph, the matters stipulated by the competent authority shall be listed and explained in the reasons for convening the shareholders meeting and shall not be submitted by an extraordinary motion.

Article 12-3: CHAINTECH's transfer of shares to employees at a price lower than the average price of the shares actually repurchased shall be subject to the consent of at least two-thirds of the voting rights present at the shareholders meeting attended by shareholders representing a majority of total shares issued at the last shareholders' meeting, shall be listed and explained in the reasons for convening the shareholders meeting and shall not be submitted by an extraordinary motion.

Chapter IV Directors and Supervisors

Article 13: CHAINTECH shall have a board of directors composed of five to nine directors (of which the number of independent directors shall not be less than two and shall not be less than one fifth of the directors) and two supervisors. CHAINTECH adopts a candidates nomination system for the election of directors (including independent directors) and supervisors, who shall be elected from among the list of candidates by the shareholders' meeting for a term of three years and may be eligible for re-election. The minimum total number of registered shares held by all directors and supervisors of CHAINTECH shall be subject to the regulations of the securities authority.

Article 14: The Board of Directors is organized by the directors, and shall elect a chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman of the Board of Directors shall externally represent CHAINTECH.

Article 15: In case the chairman of the Board of Directors is on leave or absent or can not exercise his power and authority for any cause, the designation of his/her proxy shall be in accordance with Article 208 of the Company Act.

Article 16: Unless otherwise provided for in Company Act and the Articles of Incorporation, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. A director may authorize in writing another director to be represented at the board meeting, provided that, he/she shall issue a proxy form each time stating the scope of authorization and when a director attends the board meeting as a proxy, he/she shall be appointed as a proxy for one other director only. A meeting of the directors may be convened in writing, by fax or by electronic means. In case a board meeting is proceeded via video conference, the

attendance of directors via video conference is deemed as attendance in person.

If the directors have an interest in the matters at the meeting, they shall state at the board meeting the important contents of their interest.

Article 16-1: The Board of Directors shall be authorized to determine the remuneration to directors and supervisors according to the degree of participation in the operation of CHAINTECH and the value of their contribution, with reference to the standards of the same industry.

Article 16-2: The authorities of the Board of Directors for the board meeting are as follows:

- I. Convening the shareholders' meeting and implement its resolutions.
- II. Decision on the business plan.
- III. Review and approval of various rules and important contracts.
- IV. Approval of the setting and disposal of important property of CHAINTECH.
- V. Decision on CHAINTECH's important candidates and the provisions of the posts of each department.
- VI. Establishment and abolition of branches.
- VII. Preparation and review of budget settlement and business report.
- VIII. Decision on other important matters.

Chapter V Managers

Article 17: CHAINTECH may, in accordance with the resolution of the board of directors, have one general manager, a number of president, chief executive officer and advisers whose appointment, dismissal and remuneration shall be governed by Article 29 of the Company Act.

Chapter VI Accounting

Article 18: At the end of each fiscal year, the Board of Directors of CHAINTECH shall, in accordance with the provisions of the Company Act, prepare and submit the following reports, statements and motions to the regular shareholders' meeting for recognition 30 days prior to the meeting: (1) Business report; (2) Financial statements; and (3) Proposal for profit distribution or loss recovery.

Article 19: If CHAINTECH has gained profits within a fiscal year, 0.1% or more of the profits shall be reserved as the employees' compensation, which shall be

distributed by a resolution adopted by the board meeting in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of CHAINTECH meeting certain specific requirements. CHAINTECH shall allocate not more than 6% of the proceeding profits as the remuneration of directors and supervisors by a resolution adopted by the board meeting.

However, in case of the accumulated losses, certain profits shall first be reserved to cover them, and then reserve remuneration to employees, directors and supervisors in accordance with the proportion mentioned in the preceding paragraph.

Article 19-1 In case of any earnings in CHAINTECH's annual total final accounting, it shall first pay the income tax payable in accordance with the law and make up for the losses of previous years, then set aside 10% of the remaining balance as the statutory surplus reserve; provided that this restriction shall not apply to the circumstances that the statutory surplus reserve has reached the paid-in capital of CHAINTECH. Provision or reversal of special surplus reserve shall be made from the remaining earnings in accordance with the law. If there is still a balance, together with the unappropriated earnings at the beginning of period, after partial of them being reserved as appropriate, the board of directors shall prepare a motion for the profit distribution and submit it to the shareholders' meeting for a resolution on dividend distribution to shareholders.

CHAINTECH is currently experiencing stable growth and will expand in line with the business development in the future. CHAINTECH's future capital expenditure budget and capital requirement shall be taken into account for the profit distribution, and the Board of Directors shall draw up a distribution plan, and the distribution shall be made upon the resolution of the shareholders' meeting. Among the dividends distributed to shareholders in current year, the cash dividend shall not be less than 5%, but if the cash dividend is less than NT\$0.1 per share, the dividend shall not be paid but will be paid in the form stock dividend.

Chapter VII Supplementary Provisions

Article 20: Matters not specified in the Articles of Incorporation shall be conducted in accordance with the provisions of the Company Act.

Article 21: This Articles of Incorporation was formulated on October 20, 1986.
The 1st amendment was made on November 3, 1986.
The 2nd amendment was made on August 25, 1987.
The 3rd amendment was made on January 20, 1989.

The 4th amendment was made on October 16, 1989.
The 5th amendment was made on December 4, 1989.
The 6th amendment was made on April 15, 1990.
The 7th amendment was made on October 12, 1991.
The 8th amendment was made on May 29, 1993.
The 9th amendment was made on March 27, 1994.
The 10th amendment was made on March 30, 1995.
The 11th amendment was made on June 22, 1996
The 12th amendment was made on April 12, 1997
The 13th amendment was made on August 23, 1997.
The 14th amendment was made on April 11, 1998.
The 15th amendment was made on April 11, 1998.
The 16th amendment was made on April 30, 1999.
The 17th amendment was made on December 18, 1999.
The 18th amendment was made on April 15, 2000.
The 19th amendment was made on May 3, 2001.
The 20th amendment was made on May 2, 2002.
The 21st amendment was made on June 15, 2004.
The 22nd amendment was made on June 14, 2005.
The 23rd amendment was made on September 7, 2005.
The 24th amendment was made on June 30, 2006.
The 25th amendment was made on June 15, 2007.
The 26th amendment was made on June 13, 2008.
The 27th amendment was made on June 19, 2009.
The 28th amendment was made on June 15, 2010.
The 29th amendment was made on October 21, 2011.
The 30th amendment was made on January 10, 2013.
The 31st amendment was made on June 21, 2013.
The 32nd amendment was made on February 21, 2014.
The 33rd amendment was on June 20, 2014.
The 34th amendment was on June 14, 2016.
The 35th amendment was made on June 15, 2017.
The 36th amendment was made on June 18, 2020.

Chaintech Technology Corporation

Chairman: Kao, Shu-Jung

Shareholding by Directors and Supervisors

- I. The paid-up capital of CHAINTECH as of April 18, 2021 was NT\$1,014,988,310, and the total number of shares issued was 101,498,831 shares.
- II. Pursuant to Article 26 of the Securities and Exchange Act, the minimum number of shares held by all directors of CHAINTECH shall be 8, 000, 000 shares, and the minimum number of shares to be held by all supervisors is 800, 000.

April 18, 2021; Unit: share

Title	Name	Date of appointment	Term	Number of shares held at the time of appointment		Number of shares held as recorded in the shareholders' register as of the book closure day	
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Chairman of the Board	E Cheng Technology Limited. Representative: Kao Shu-Jung	June 14, 2019	3	28,532,080	28.11	28,532,080	28.11
Director	E Cheng Technology Limited. Representative: Lu Li-Cheng						
Director	E Cheng Technology Limited. Representative: Wang, Mu-Tien						
Independent Director	Tang, Han-Yu	June 14, 2019	3	—	—	—	—
Independent Director	Chen, Kuo-Chin	June 14, 2019	3	—	—	—	—
Total				28,532,080	28.11	28,532,080	28.11
Supervisor	Hsu, Sheng-Chin	June 14, 2019	3	1,151,048	1.13	1,151,048	1.13
Supervisor	Chou, Chun-Tsun	June 14, 2019	3	30,000	0.03	30,000	0.03
Total				1,181,048	1.16	1,181,048	1.16

Other Supplementary Items

Report on Handling Shareholders' Proposals at the 2021 Regular Shareholders' Meeting:

1. Pursuant to Article 172-1 of the Company Act, a shareholder holding 1% or more of the total number of issued shares may submit to CHAINTECH a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only and limited to 300 words. Otherwise, the proposal will not be included in the meeting agenda.
2. CHAINTECH, in accordance with the law, announced on the MOPS that it would accept proposals raised from April 9, 2021 to April 19, 2021 (registered mail is subject to arrival) by shareholders for this regular shareholders meeting.
3. CHAINTECH did not receive any shareholder proposals during the period of acceptance.