Company Code: 8358
Website: http://mops.twse.com.tw
http://www.co-tech.com

Co-Tech Development Corporation

2020

The Annual Report

Printed on June 11, 2021

I. Spokesperson and Deputy Spokesperson of Co-Tech Development Corporation

	Spokesperson	Deputy Spokesperson
Name	Lee Shih Shen	Yang, Cheng-Ping
Position	President	Marketing Director
TEL	(02)6615-8899	(02)6615-8899
e-mail	jane@co-tech.com	kevinyang@co-tech.com

II. Address and telephone number of the headquarter and branch

Address of headquarter: 8F, No. 392, Rui-Guang Rd., Neihu District, Taipei City

TEL:(02)6615-8899

Address of plant: No. 56, Ke-Gong 8th Rd., Douliu City, Yunlin County

TEL:(05)551-5480

III. Share transfer handling agency

Name: Agency Department, CTBC

Address: 5F, No. 83, Chongqing S. Rd., Sec. 1, Zhongzheng District, Taipei City

TEL:(02)6636-5566

Website:https://ecorp.ctbcbank.com/cts/index.jsp

IV. The certified public accountant who duly audited the annual financial report for the most recent fiscal year,

Name of CPAs: Chang Ching-Fu, Chao Yung-Hsiang

Name of accounting firm: Deloitte Taiwan

Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City

TEL:(02)2725-9988

Website:http://www.deloitte.com.tw

V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Website of the Company: http://www.co-tech.com

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One. Letter to Shareholders

Ladies and Gentlemen,

2019 Operations Report

In 2020, we have taken the strategic position in the high-frequency and high-speed markets, and Co-Tech is continuously improving its capabilities in new product design, development, and customer portfolio optimization. Furthermore, we have maintained our profit growth trend by controlling our stability and accurately on time delivery, provide an excellent product image and reputation, as well as to keep improving the better production processes and increasing the utilization.

In 2020, Co-Tech has increased the profitability by adjusting and optimizing the customer and product structures and cost controls. Cumulative consolidated revenue for the year 2020 was NT$6,037,386K, an increase of 15.64% from the prior year. Consolidated operating gross profit margin was 16.03%, net profit after tax was NT$541,590k and EPS was NT$2.14.

Business Plan for 2021

Entering to 5G generation, in 2021, 5G applications and technologies require the data computing and storage. The data has shifted from emphasizing scale to emphasizing low latency and high immediacy, with the rise of edge computing and the high cost of 5G spectrum, edge computing among telecom operators has replaced traditional network and has become the entry point of the server supply chain. The growth of new cloud services will require a large amount of data processing with in related AI, 5G network applications, IOT edge computing technology upgrades, and as AR/VR, robots, self-driving, and smart home emerging terminal devices increase. These prospects will drive the growth of the demand for base station antenna design, network equipment, data centers and servers and then drive the terminal 5G smartphone industry. Due to the current skin effect, the transmission of high-frequency or high-speed signals will be more concentrated on the surface of the circuit. Co-Tech has developed Advanced Reversal Treatment Foil(Advanced RTF); aside from being cost-effective, it also reduces dielectric loss to minimize signal transmission loss due to an improved performance of copper foil, which in turn is attributable to the difficulty in the solution formula design and the nodule structure on copper foil. This achieves high-speed performance required by customers, and high-reliability, low-latency large-scale data transmission. These efforts to increase the demand for 5G high-frequency and high-speed business opportunities.

Future growth is expected and due to high frequency and high speed, the material selection of low dielectric and low transmission loss dielectric is extremely demanding, with the technology owned by Co-Tech, it has successively and continuously developed high-frequency and high-speed transmission copper foil products for low loss signal transmission, HVLP and high reliability products. In the future, 5G technology should be able to meet the demands of large-scale data transmission with high reliability and low latency, thus ensuring the stability and integrity of data, expanding the application of the copper foil for the future 5G business opportunities break out. For the demand of Flexible PCB(FPCB) in thin and light electronic products, we have development of copper foil for Flexible Copper Clad Laminates (FCCL) and the application of charging devices in automotive electronic. The charging and discharging function needs to be equipped with thick copper foil that can transmit large currents and the development of thick copper foil for high-power charging and discharging has been completed.

Outlook for the Future

Looking forward, the COVID-19 pandemic and the global economic environment still bring high levels of risk and uncertainty, thus the variables into business operations. In this environment of fast changing and challenge, the core competitive of Co-tech is "To Become the Best Application of the Copper Foil Manufacturer and Service Provider“. With respect to diversified high-frequency and high-speed materials, with the required characteristics of copper foil and materials, we shall develop next-generation electronic products to focus on customer portfolio optimization and product portfolio differentiation, rather than competing in terms of capacity scale. Our goal is to deep developing of technology and apply the applications to reduce the pressure of price competition when the market is in oversupply. We will focus on products featuring "differentiation,” "customization” and "speed,” creating competitiveness for our development strategy while continuing to cultivate first tear of customers and developing potential customers.

We hope that the benefits of Co-Tech's transformation will continue to ripen, laying a solid foundation for the Company's sustainable operations and growing into the next growth momentum. Finally, I would like to thank to our shareholders for their support over the past year. To show our appreciation, the Board of Directors has resolved to distribute a cash dividend of NT$2 via additional paid-in capital, including a profit distribution dividend of NT$1.91 and a distribution of additional paid-in capital of NT$0.09. I would also express my thanks to my colleagues at Co-Tech for their continuous hard work and perseverance, continuous fighting power and execution power and continuous improvement! It is expected that the management team will uphold the spirit of innovation, move forward and create better profits to reward shareholders and employees.

I wish you all good health and all the best!

Chairman: Raymond Soong 

Two. Company Profile

I. Date of Incorporation: May 22, 1998.

II. Company History:

May 1998	The establishment was approved as a professional electrolytic copper foil plant in the Yunlin Technology-based Industrial Park. The registered capital was NT$2 billion.
December 1999	Production Base I was completed.
April 2000	The first and second production lines at Production Base I commenced the mass production.
May 2000	The third production line at Production Base I commenced mass production.
October 2000	The fourth production line at Production Base I commenced mass production.
October 2000	The shares’ public listing was approved.
March 2001	The capital increased in cash with 54 million shares, issued with the premium price of NT$30 per share.
May 2001	Obtained the certificate for ISO-9001 2000 version of quality management system.
November 2001	Obtained the certificate for ISO-14000 1996 version of environment management.
September 2002	Production Base II was completed.
January 2003	The first and second production lines at Production Base II commenced mass production.
September 2003	The capital increased in cash with 30 million shares, issued with the face value of NT$10 per share.
December 2003	Invested in Co-Tech Copper Foil (BVI) Inc. for US$200 thousand, and through Co-Tech Copper Foil (BVI) Inc., the Company reinvested in Jinqianbo International Trade (Shanghai) Limited in China indirectly, with approval of the Investment Board.
July 2004	The recycling method of wasted copper foil (I) was awarded the patent right of the Republic of China. The valid period is from March 21, 2004 to October 7, 2021.

December 2014	The third and fourth production lines at Production Base II commenced the mass production.
December 2014	The recycling method of wasted copper foil (I) was awarded the patent right of the People's Republic of China. The valid period is 20 years, from October 23, 2001
April 2005	The recycling method of wasted copper foil (II) was awarded the patent right of the People's Republic of China. The valid period is 20 years, from October 23, 2001.
December 2015	The capital increased in cash with 16 million shares, issued with the discounted price of NT$9 per share.
June 2006	Attended the 2006 National Sustainable Development Award, held by the National Council for Sustainable Development. The Company was rated as the Excellent Enterprise in the Sustainable Enterprise Promotion Section and received the "Enterprise Sustainable Development Award."
July 2006	The approved total registered capital was NT$3 billion, and the paid-up capital was NT$2 billion.
November 2006	Accommodated the Environmental Protection Administration's promotion of Green Consumption of Public and received the "2006 Green Procurement Excellent Enterprise and Group Award."
November 2007	Obtained the certificate for ISO-14001 2004 version of environment management.
November 2007	Approved by the Taipei Exchange to trade the shares at its emerging stock market.
October 2009	Increased the capital of Co-Tech Copper Foil (BVI) Inc for US$3,300 thousand.
March 2010	Obtained the certificate for ISO-9001 2008 version of quality management system.
April 2010	The lead anode changed to Titanium anode at the copper foil machine.
September 2010	Approved by Taipei Exchange, the Company's shares were listed in TPEx and ending the trading at the emerging stock market.
October 2010	The capital increased in cash with 11.7 million shares, issued with the premium price of NT$21 per share.
December 2011	The arsenic-free manufacturing process was introduced for official mass production.

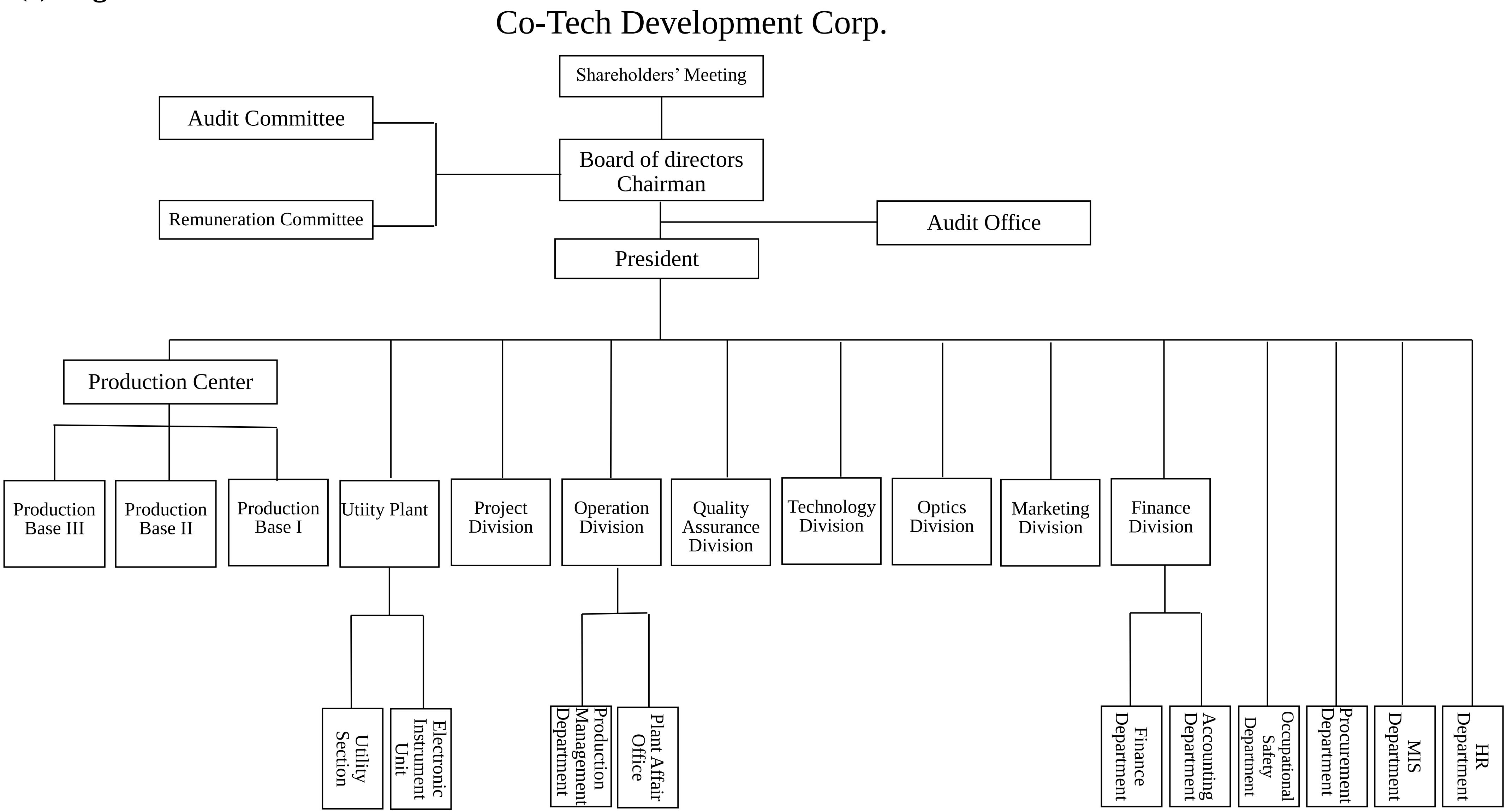
June 2012	Obtained the certificate for TS-16949 2009 version of automobile quality management system.
September 2012	Obtained CG-6007 general version of corporate governance system evaluation certificate.
February 2013	Obtained the certificates of OHSAS-18001 2007 version and CNS15506 2011 version of occupational safety and health management system.
August 2013	Obtained the invention patent of “The Copper Foils Coarsened and the Manufacturing Method” in Taiwan.
June 2014	Reinvested in Essen Optics Technology Inc. for NT$110,000 thousand, for 55% of the stake.
June 2014	The Company was renamed as “Co-Tech Development Corporation.”
November 2014	Obtained the certificates for IOS-50001:2011/ CNS50001 energy management system.
March 2015	Conducted the registration for capital decrease with cancellation of treasury shares. The cancelled treasury shares and the decreased capital were 1,112,000 shares and NT$11,120,000, respectively. The paid-up capital after the capital decrease was NT$2,105,880,000.
October 2016	Obtained the invention patent of “The Copper Foils for Heat-Resistant Li-ion Batteries and the Manufacturing Method” in Taiwan.
November 2016	Obtained the certificate for ISO-14001 2015 version of environment management system.
December 2016	Essen Optics Technology Inc.’s capital decreased by 50%.
February 2017	Invested in Essen Optics Technology Inc. for NT$110,000 thousand, and the stake increased to 76.4%.
May 2017	Essen Optics Technology Inc.’s capital decreased by 50%.
June 2017	Invested in Essen Optics Technology Inc. for NT$189,000 thousand, and the stake increased to 91.07%.
July 2017	Selected as the component of the “TPEx 50 Index.”
September 2017	Through the Taiwan Industry Innovation Platform Program of MOEA, the contract of the “Ultra-Low Coarse Copper Foil for High-Frequency 5G Industry High-Value Material” was entered.
October 2017	Awarded for the Best Trade Contribution Award (Metal) of the Awards for Excellent Trading Business by MOEA.
October 2017	The capital increased in cash with 42 million shares, issued with the premium

	price of NT$47.8 per share.
November 2017	Co-Tech is included in the "MSCI Small Components."
June 2018	Obtained the invention patent of the "Electrolysis Production Equipment for Copper Foils and Its Current Adjustment Device" in Taiwan.
July 2018	Obtained the certificate for ISO9001: 2015 version of quality management system.
July 2018	Obtained the certificate for IIATF16949: 2016 version of automobile quality management system (Originally TS16949).
February 2019	Obtained the certificate for ISO-45001 2018 occupational safety and health management system (originally OHSAS-18001)
August 2019	Obtained the invention patent of the "Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate" (RTF) in Taiwan.
August 2019	Obtained the invention patent of the "Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate" (HVLP) in Taiwan.
December 2019	Essen Optics Technology Inc.'s capital increased by 99.999996%, and the stake increased to 100.00%.
December 2019	Invested in Essen Optics Technology Inc. for NT$85,000 thousand.
February 2020	The Board of Directors approved the proposal of a simple merger with Essen Optics Technology Inc.
February 2020	Obtained the invention patent of the "Electrolysis Production Equipment for Copper Foils and Its Current Adjustment Device" in China.
June 2020	Obtained the invention patent of the "Micro-Coarsened Electrolyzed Copper Foils and Copper-Cladded Substrate with It" in Taiwan.
February 2021	Obtained the invention patent of the "Advanced RT Electrolyzed Copper Foils and Copper Foil Substrate" in Taiwan.

Three. Corporate Governance Report

I. Organizational

(1) Organizational Chart



(II) Department

Department	Major Function
President's Office	The overall control of the Company's development and operation, the management of the Company's business plan and annual operating guidelines, the formulation of the Company's quality policy and the ultimate responsibility for product quality.
Audit office	1. Evaluate and inspect the design and operation of the internal control system and provide suggestions for improvement. 2. Check the reliability and completeness of financial and business information. 3. Check the compliance with relevant laws and regulations. 4. Assist the Board of Directors and managerial officers to achieve operational effects and efficiency goals.
Operation Division	Comprehensively manage the planning and implementation of product manufacturing, and be responsible for the planning and implementation of operations required for manufacturing, including production management, environmental protection, performance, and general affairs.
Occupational Safety Department	Responsible for supervising environmental safety management to ensure the public safety of personnel accessing the plant.
Production Center	Control the product manufacturing process, and be responsible for performing the tasks required to manufacture the products.
Utility Plant	Responsible for the operation of the company's public equipment and the maintenance and repair for abnormality of electromechanical and measurement equipment.
Project Division	Design and supervision for project and equipment improvement and overall planning for plant expansion.
Marketing Division	Establish sales plans and promote coordination between production and sales, sales execution and pre-sales and after-sales customer services.
Technology Division	1. Research, design and development of copper foil products. 2. Formulate the process conditions or parameters of each process in the plant to meet the required product yield and order the production unit for implementation. 3. Trial production of new process conditions and tracking of the implementation effect of project improvement. 4. New product introduction and special demand trial production.
Optics Division	1. Research, design and development of optical glass products. 2. Develop business opportunities for optical inspection systems to be applied in different industries. 3. Cooperate with industry, government, academia, research institutions,

Department	Major Function
	and incubation centers to explore new technologies and new applications.
Finance Division	1. Financial planning, fund management and deployment. 2. Accounting processing, settlement, and taxation system establishment and implementation.
Quality Assurance Division	Trustworthiness and reliability testing and analysis of new products/trial products, technical service and customer service system, various ISO task promotion and assistance, planning and promotion of the company-wide quality assurance system, handling customer complaints, formulating various quality standards and set up control and raw material inspection operations.
Procurement Department	The Company's machinery, electronic equipment, raw materials, information, and recurring procurement business; engineering, and business waste outsourcing business.
MIS Department	Computer system development and maintenance, computer security control and management, data processing and operation, and computer file preparation and management.
HR Department	Comprehensively deal with matters related to human resource development and training.

II. Profiles of Directors, Supervisors, President, Vice Presidents, Assistant Vps, and Heads of the Branches/ Departments

(I) Information on Directors and Supervisors

1. Information on Directors and Supervisors

April 30, 2021

Title (Note 1)	Nationality or place of registration	Name	Gender	Election (inauguration) date	Term of office	Date of first-time elected (Note 2)	Shares held at election		Shares held currently		Current shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 3)	Position(s) held concurrently in any other companies	Other officers, directors or supervisors with spouses, or relatives within the second degree of kinship			Remarks (Note 4)
							Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Position	Name	Relationship	
Chairman	Republic of China	Dasong Investment Co.,Ltd. Representative: Raymond Soong	Male	2019.6.13	Three years	2014.11.11	12,497,270 13,812,998	4.95% 5.47%	12,497,270 13,812,998	4.95% 5.47%	0	0.00%	0	0.00%	Educational background: Department of Electronics, National Taipei University of Technology (previously Taipei Junior College of Engineering) Industrial experience: Chief Engineer, Taiwan Branch, Texas Instrument Chairman/Founder, LITE-ON Technology; Chairman, LITE-ON Group Chairman and Founder, LITE-ON Taiwan Foundation Member, Board of Councilors, Engineering College, USC Honors: ITRI Laureate First honorary Ph.D in Management, National Taipei University of Technology Honorary Ph.D in Management, National Chiao-Tung University	Note 5	Director	Soong Ming-Feng	Father and son	None
Director	Republic of China	Hua Eng Wire & Cable Co.,Ltd. Representative: Lin, Ming-Hsiang	Male	2019.6.13	Three years	2001.6.8	7,812,375 0	3.09% 0.00%	7,812,375 0	3.09% 0.00%	0	0.00%	0	0.00%	Educational background: Department of Commerce, Kaohsiung Commercial Vocational High School B-Level Financial Administrator Qualification, Examination Yuan Industrial experience: Vice President, Hua Eng Wire & Cable Co.,Ltd.	Note 6	None	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender	Election (inauguration) date	Term of office	Date of first-time elected (Note 2)	Shares held at election		Shares held currently		Current shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 3)	Position(s) held concurrently in any other companies	Other officers, directors or supervisors with spouses, or relatives within the second degree of kinship			Remarks (Note 4)
							Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Position	Name	Relationship	
Director	Republic of China	Kwong Lung Enterprise Co.,Ltd. Representative: Chan, Chi-Che	Male	2019.6.13	Three years	2016.6.7	3,590,000 696,000	1.42% 0.28%	5,000,000 696,000	1.98% 0.28%	0	0.00%	0	0.00%	Educational background: Master in Finance, University of San Francisco Industrial experience: Chairman, Kai-Sheng Investment Co., Ltd. Chairman, Huang-Lu Investment Ltd.	Note 7	None	None	None	None
Director	Republic of China	Tsai Hsung-Hsiung	Male	2019.6.13	Three years	2016.6.7	619,749	0.25%	619,749	0.25%	0	0.00%	0	0.00%	Educational background: Ph.D in Urban Planning, School of Architecture and Planning, Princeton University Master in Urban Planning, Massachusetts Institute of Technology Bachelor, Department of Law, National Taiwan University Industrial experience: CEO/Vice Chairman, National Policy Foundation Chairman, Council for Economic Planning and Development, Executive Yuan Minister, Environmental Protection Administration	Independent director: On-Bright Electronics Incorporation Kwong Lung Enterprise Co.,Ltd.	None	None	None	None
Director	Republic of China	Yu, Ming-Chang	Male	2019.6.13	Three years	2008.4.25	580,000	0.23%	580,000	0.23%	955	0.00%	0	0.00%	Educational background: Department of Electronics, National Taipei Junior College of Engineering Industrial experience: Director and President, Mao-Chia Co., Ltd. Chairman, ThinFlex Corporation	Ade Corporation Chairman and President, Lumax International Corp. Ltd. Independent director	None	None	None	None
Director and President	Republic of China	Lee Shih Shen	Male	2019.6.13	Three years	2016.6.7	1,020,824	0.40%	1,119,824	0.44%	0	0.00%	0	0.00%	Educational background: Department of Business Administration, National Cheng Chi University Industrial experience: Shanghai Li-Yao Energy Technology Ltd. President President, Power Business, Delta Greentech(China) Co., Ltd Vice President Networking Access Business Unit LITE-ON Technology Vice President, Sales and Marketing Delta Networks, Inc. (Delta Electronics Inc.)	Chairman and President, Co-Tech Development Corp.	None	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender	Election (inauguration) date	Term of office	Date of first-time elected (Note 2)	Shares held at election		Shares held currently		Current shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 3)	Position(s) held concurrently in any other companies	Other officers, directors or supervisors with spouses, or relatives within the second degree of kinship			Remarks (Note 4)
							Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Position	Name	Relationship	
Director	Republic of China	Soong Ming-Feng	Male	2019.6.13	Three years	2019.6.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Educational background: EMBA, International Business Administration, National Taiwan University/ Fudan University (Incomplete) Department of Electrical Engineering, University of Southern California Industrial experience: Chairman and Special Assistant to Vice Chairman, LITE-ON Technology CEO, Smart Application Solutions, LITE-ON Technology President, LITE-ON Technology (Shanghai) Operational Headquarter CEO, New Mechanical Core Capability Business Group, LITE-ON Technology CEO, Mechanical Core Capability Business Group, LITE-ON Technology President, Network Communication Business, LITE-ON Technology President, Zhong-Bao Transportation Limited Honors: The Third Wednesday Club-Young Entrepreneur Group YPO WPO – Sea Dragon Chapter	Note 8	Chairman	Raymond Soong	Father and son	None
Independent director	Republic of China	Sun Chin-Su	Male	2019.6.13	Three years	2010.5.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Educational background: Department of Accounting, National Cheng Kung University Industrial experience: Chairman, Kaohsiung CPA Association Supervisor, Taiwan Provincial CPA Association Supervisor, The National Federation of CPA Associations of the R.O.C.	Note 9	None	None	None	None
Independent director	Republic of China	George Chen	Male	2019.6.13	Three years	2016.6.7	73,051	0.03%	0	0.00%	0	0.00%	0	0.00%	Educational background: Department of Electronics, Lunghwa Junior College of Engineering Industrial experience: Director, TUL Corporation Director, SOLOMON TECHNOLOGY CORPORATION Director, MEILOON INDUSTRIAL CO., LTD Director, Prodisc Technology INC. Director, SINONAR CORP. Supervisor, Mustek Systems Inc.	Note 10	None	None	None	None
Independent director	Republic of China	Hsieh Fa-Jung	Male	2019.6.13	Three years	2016.6.7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Educational background: Department of Business Administration, Soo Chow University Industrial experience: Chief, Stock Affair Division, LITE-ON Technology	None	None	None	None	None

Note 1: In case of institutional shareholders, the name and representative of an institutional shareholder shall be listed respectively (the representative of an institutional shareholder shall indicate the name of

institutional shareholder), and fill in Table 1 below.

Note 2: Fill in when he/she first takes the office of the director or supervisor; if a break takes place, please explain.

Note 3: Experiences related to the position he/she currently serves, if in the aforesaid time, he/she was employed in the certifying accounting firm or its affiliates, the position and duties shall be indicated.

Note 4: Where the chairperson of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. adding seats of independent directors, and the majority of directors do not concurrently serve as employees or managerial officers).

Note 5: Positions concurrently served by the Chairman, Raymond Soong:
Director: LITE-ON Technology
Representative of Chairman: Lite-On Electronics Co., Ltd.(HK).
Representative of Director: Lite-On China Holding Co. Ltd.; Silitech Technology Corporation; Silitech (Hong Kong) Holding Limited.

Note 6: Positions concurrently served by Director, Lin, Ming-Hsiang:
Director: Hua Eng Wire & Cable Co.,Ltd.; First Copper Technology Co., Ltd.; China Ecotek Corp; WAFER WORKS CORPORATION; Asia Pacific Telecom; Bionime Corporation; Pixon Technologies; Savior Lifetec Corporation
Vice President: Hua Eng Wire & Cable Co.,Ltd.

Note 7: Positions concurrently served by Director, Chan, Chi-Che:
Director: Kai-Sheng Investment Co., Ltd.; Huang-Lu Investment Ltd.; Huang-Lu Insurance Agent Co., Ltd.
Representative of Director: Snowdown Merchandise Corp.; Miramar City Development Inc.
Director: Paradise Birds Gourmet Corporation Ltd.; Miramar Linkou Development Co., Ltd.
Representative of Supervisor: Kwong Lung Enterprise Co.,Ltd.

Note 8: Positions concurrently served by Director, Soong Ming-Feng:
Chairman: LITE-ON Technology
Representative of Chairman: Lite-On China Holding Co. Ltd., Lite-On International Holding Co., Ltd.(BVI).

Note 9: Positions concurrently served by Director, Sun Chin-Su:
Independent Director: Yieh Phui Enterprise Co., Ltd; Yieh Hsing Enterprise Co., Ltd.; Lite-On Semiconductor Corp.
Remuneration Committee Member: Yieh Phui Enterprise Co., Ltd; Yieh Hsing Enterprise Co., Ltd.; Lite-On Semiconductor Corp.

Note 10: Positions concurrently served by Director George Chen:
Chairman: Probright Technology Inc.; Hung Well International Company.
Independent Director: Altbatron Technology Co. Ltd.
Supervisor: Mustek Systems Inc.; King Ultrasound Co., Ltd.
Director: Nextedge Labs, Inc.

Table 1: Major Shareholders of Institutional Shareholders

April 30, 2021

Name of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)
Hua Eng Wire & Cable Co.,Ltd.	First Copper Technology Co., Ltd. (32.96%); Hua-Hung Investment Co., Ltd. (5.84%); Wang-Yang, Bi-Er(3.49%); Wang, Feng-Shu (2.55%); Wang, Wen-Ling(2.20%); Wang, Hung-Ren (2.12%); Wang, Yu-Fa (1.75%); Wang, Hung-Ming (1.46%); Chen, Kun-Rong (0.80%); Wang-Wu, Li-Yen (0.72%)
Dasong Investment Co.,Ltd.	holding of Soong Ming-Feng: 31.27%; holding of Soong Yen-Yi:21.2%; holding of Soong Hui-Ling:21.2%; holding of Raymond Soong: 13.33%; holding of Ruan, Li-Yin:13%
Kwong Lung Enterprise Co.,Ltd.	Kai-Sheng Investment Co., Ltd. (9.95%); O-Li Investment Co., Ltd. (8.49%); Fubon Life Insurance Co., Ltd. (4.98%); Yu-Shin Investment Co., Ltd. (4.71%); Yue-Sheng Investment Co., Ltd. (2.69%); Snowdown Merchandise Corp.; (2.54%); Li-Chu Investment Co., Ltd. (2.46%); Gong-Tung Leasing Co., Ltd. (2.24%); Huang-Lu Investment Ltd. (1.92%), Taiwan Life Insurance Co., Ltd. (1.41%)

Note 1: In case the director or supervisor is a representative of institutional shareholder, such institutional shareholder's name shall be indicated.
Note 2: Fill in the major shareholders of that institutional shareholder (Top ten shareholder) and their shareholding percentage. If the major shareholders are still institutional shareholders, the following table shall be filled in.
Note 3: If the institutional shareholder is not a company, the aforesaid name and shareholding of the shareholder to be disclosed, are the name of sponsors and their sponsorship or donation percentage.

Table 2: If the Major Shareholders are Institutional Shareholder, Their Major Shareholders

April 30, 2021

Name of institutional (Note 1)	Major shareholders of institutional shareholders (Note 2)
First Copper Technology Co., Ltd.	Hua Eng Wire & Cable Co.,Ltd. (39.44%); Hua-Hung Investment Co., Ltd.(9.60%); Wang, Yu-Fa(7.98%); Wang-Yang, Bi-Er (2.52%); Wang, Wen-Ling (1.82%); Wang, Feng-Chuan (0.67%)、DFA Emerging Market Core Equity Investment Account, under Citi's custody (0.55%); International Ship Dismantling Enterprise (0.50%); Wang, Feng-Shu (0.43%); Wang Hung-Ming (0.41%)
Hua-Hung Investment Co.	Gong-Sheng Industrial (Hong Kong) Co., Ltd.,(79.79%); Wang, Wen-Ling (3.19%); Wang, Feng-Chuan (3.19%); Wang, Feng-Shu (3.19%); Wang Hung-Ren (3.19%); Wang Hung-Ming (2.87%); Wang, Yu-Ting (2.13%); Wang, Yu-Fa (1.07%); Wang, Feng-Chin (0.85%); Wang-Yang, Bi-Er (0.53%)
Kai-Sheng Investment Co., Ltd.	Chan, Chi-Che (25.01%); Chan, He-Bo (25%); Chan, Fu-Ru (25%); Hsu, Li-Hung (24.99%)
O-Li Investment Co., Ltd.	Chan, He-Bo (99.4%); Hsu, Li-Hung (0.6%)
Yu-Shin Investment Co., Ltd.	Li, Ding-Hua (36.4%); Liu, Mei-Yu (34.6%); Li, Yung-Chien (29%)
Yue-Sheng Investment Co., Ltd.	Chan, Fu-Ru (100%)
Li-Chu Investment Co., Ltd.	Hsu, Li-Hung (100%)
Huang-Lu Investment Ltd.	Chan, Chi-Che (100%)
Snowdown Merchandise Corp.;	Kwong Lung Enterprise Co.,Ltd. (39.50%); Kai-Sheng Investment Co., Ltd.(60.50%)

Name of institutional (Note 1)	Major shareholders of institutional shareholders (Note 2)
Gong-Tung Leasing Co., Ltd.	Modern Boutique Investment Co., Ltd. (51%); P&B Collection Co., Ltd. (39%); Hsu, Li-Hung (10%)
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd. (100%)

Note 1: In case the major holders are institutional shareholders as indicated in Table 1, such institutional shareholder's names shall be indicated.

Note 2: Fill in the major shareholders of that institutional (Top ten shareholders) and shareholding percentage.

Note 3: If the institutional shareholder is not a company, the aforesaid name and shareholding of the shareholder to be disclosed, are the name of sponsors and their sponsorship or donation percentage.

2. Professional Knowledge and Independence of Directors and Supervisors

April 30, 2021

Qualifications / Name (Note 1)	More than 5 years of experience and the following professional qualifications			Status of independence (Note 2)												Number of public companies where the person holds the title as an independent director
	Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business.	Has work experience in commerce, law, finance or accounting, or otherwise necessary for company business.	1	2	3	4	5	6	7	8	9	10	11	12	
Dasong Investment Co.,Ltd. Institutional representative: Raymond Soong			✓	✓			✓		✓	✓		✓		✓		None
Kwong Lung Enterprise Co.,Ltd. Institutional representative: Chan, Chi-Che			✓	✓			✓		✓	✓	✓	✓	✓	✓		None
Hua Eng Wire & Cable Co.,Ltd. Institutional representative: Lin, Ming-Hsiang			✓	✓			✓		✓	✓	✓	✓	✓	✓		None
Yu, Ming-Chang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tsai Hsung-Hsiung			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Soong Ming-Feng			✓					✓	✓	✓	✓	✓		✓	✓	None
Lee Shih Shen			✓			✓		✓	✓	✓	✓		✓	✓	✓	None
Sun Chin-Su		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
George Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Hsieh Fa-Jung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1: Columns may be adjusted as needed.

Note 2: place a "✓" in the box below if the Director or Supervisor met the following conditions during the time of active duty and two years prior to the elected date.

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

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

(3) Not a natural-person shareholder or holder of shares, together with those held by a spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking within the top 10 in holdings.

(4) Not a managerial officer listed in criteria (1) or a spouse, relative of second degree, or direct kin of third degree or closer to persons not qualified for criteria (2) and (3).

(5) Not a director, supervisor, or employee of a juristic-person shareholder that directly holds five percent or more of the total number of issued shares of the Company or of a juristic-person shareholder that ranks among the top five in shareholdings according to Paragraph 1 or Paragraph 2 Article 27 of the Company Act (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(6) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the company's board of directors. (However, in the case of independent directors established and concurrently serving in the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)

(7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)

(8) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of a specified company or institution that has a financial or business relationships with the Company (However, in the case of independent directors established and concurrently serving in the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative remuneration exceeding NT$500,000, or a spouse thereof. This restriction does not apply to a member of the salary and Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, which exercises powers pursuant to the Act or the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not a spouse to or kin at the second pillar under the Civil Code to any other director

(11) Not under any circumstances as stipulated in Article 30 of the Company Act.

(12) Not elected as a government or corporate representative according to Article 27 of The Company Act.

(II) Profiles of the President, Vice Presidents, Assistant VPs, and heads of the Branches/ Departments

April 30, 2021

Title (Note 1)	Nationality	Name	Gender	Election (inauguration) Date	Shareholding		Shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 2)	Position(s) held concurrently in any other companies	Managerial officers are a spouse or within second-degree relative of kinship to each other			Remarks (Note 3)
					Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Job Title	Name	Relationship	
President	Republic of China	Lee Shih Shen	Male	2014.7.1	1,119,824	0.44%	0	0.00%	0	0.00%	Department of Business Administration, National Cheng Chi University President, Shanghai Li-Yao Energy Technology Ltd. President, Network Power Business, Delta Greentech (China) Co., Ltd Vice President, Networking Access Business Unit, LITE-ON Technology Vice President, Sales and Marketing, Delta Networks, Inc. (Delta Electronics Inc.)	Co-Tech Development Corp. Chairman and President,	None	None	None	None
Finance Division Chief	Republic of China	Li, Hsun-Neng	Male	2019.8.22	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, Providence University Accounting Manager, Finance Department, LITE-ON Technology Assistant Manager, Deloitte Taiwan; KPMG; Diwan & Company	None	None	None	None	Resigned on April 30, 2021
Technology Division Chief	Republic of China	Sung, Yun-Hsing	Male	2014.12.29	100,000	0.04%	11,595	0.00%	0	0.00%	Master, Department of Environmental Engineering, The National Chung Hsing University R&D Manager, Microcosm Technology Co., Ltd. R&D Manager, ITEQ CORPORATION R&D Manager, ThinFlex Corporation	None	None	None	None	None
Marketing Division Director	Republic of China	Yang, Cheng-Ping	Male	2017.12.4	0	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan University R&D Manager, Silitek Corporation	None	None	None	None	None
Project Division Chief	Republic of China	Lai, Hsin-Chung	Male	2016.6.1	50,000	0.02%	0	0.00%	0	0.00%	Department of Power Mechanical Engineering, National Tsing Hua University	None	None	None	None	None
Quality Assurance Division Chief	Republic of China	Hsieh, Ming-Hsien	Male	2021.3.10	0	0.00%	0	0.00%	0	0.00%	Department of Fiber Engineering and Technology, Taiwan Industrial Technology College (currently National Taiwan University of Science and Technology) Special Assistant to President/Chief of Division, Jentech Precision Industrial Project Leader, Process Integration, Nan Ya PCB Co., Ltd. Assistant Manager, Auvistar Industry Co., Ltd.	None	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Election (inauguration) Date	Shareholding		Shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 2)	Position(s) held concurrently in any other companies	Managerial officers are a spouse or within second-degree relative of kinship to each other			Remarks (Note 3)
					Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Job Title	Name	Relationship	
Special Assistant, President's Office	Republic of China	Ting, Tai-Chuan	Male	2016.6.1	50,000	0.02%	22,233	0.01%	0	0.00%	Department of Electronics, Chien Hsin University of Science and Technology Director, Shanghai Li-Yao Energy Technology Ltd. Senior Operation Manager, LITE-ON Perlos Manager, Electronic Substrate and Sales, Tong Hsing Electronic Industries, Ltd.	None	None	None	None	None
Plant Chief	Republic of China	Lu, An-Chuan	Male	2017.12.15	0	0.00%	4,000	0.00%	0	0.00%	Institute of Business Administration, National Chiayi University	None	None	None	None	None
Plant Chief	Republic of China	Lin, Yen-Tsung	Male	2016.6.1	78,786	0.03%	46,189	0.02%	0	0.00%	Department of Mold, Kaohsiung Junior College of Engineering	None	None	None	None	None

Note 1: The information shall include the president, vice presidents, assistant VPs, and heads of the branches/departments, and those who hold the positions equivalents to president, vice presidents, assistant VPs, shall be disclosed regardless of the titles.

Note 2: Experiences related to the position he/she currently serves, if in the aforesaid time, he/she was employed in the certifying accounting firm or its affiliates, the position and duties shall be indicated.

Note 3: Where the president or person of an equivalent post (the highest level manager) of a company and the chairperson of the board of directors are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. adding seats of independent directors, and the majority of directors do not concurrently serve as employees or managerial officers):

(III) Remuneration to Directors (Independent Directors Included), Supervisors, President and Vice Presidents in Recent Year

1. Remuneration of Non-independent and Independent Directors (Names Thereof to be Disclosed by Space)

Unit: NT$ thousand Date: December 31, 2020

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Director’s remuneration</th><th colspan="2" rowspan="2">The sum of A, B, C and D in proportion to net profit after tax (Note 10)</th><th colspan="8">Remuneration in the capacity as employees</th><th colspan="2" rowspan="2">The sum of A, B, C, D, E, F and G to net profit after tax (%) (Note 10)</th><th rowspan="4">Remuneration from the investees other than subsidiaries (Note 11)</th></tr>
<tr><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Remuneration of directors (C) (Note 3)</th><th colspan="2">Professional service fees (D) (Note 4)</th><th colspan="2">Salary, bonus and special allowance, etc. (E) (Note 5)</th><th colspan="2">Severance pay and pension (F)</th><th colspan="4">Employee remuneration (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th></tr>
<tr><th>Cash amount</th><th>Share amount</th><th>Cash amount</th><th>Share amount</th></tr>
<tr><td>Chairman</td><td>Dasong Investment Co.,Ltd.: Raymond Soong</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">6,891</td><td rowspan="10">6,891</td><td rowspan="10">960</td><td rowspan="10">960</td><td rowspan="10">1.45%</td><td rowspan="10">1.45%</td><td rowspan="10">11,725</td><td rowspan="10">11,725</td><td rowspan="10">576</td><td rowspan="10">576</td><td rowspan="10">2,853</td><td rowspan="10">0</td><td rowspan="10">2,853</td><td rowspan="10">0</td><td rowspan="10">4.25%</td><td rowspan="10">4.25%</td><td rowspan="10">None</td></tr>
<tr><td>Director</td><td>Kwong Lung Enterprise Co.,Ltd.: Chan, Chi-Che</td></tr>
<tr><td>Director</td><td>Hua Eng Wire & Cable Co.,Ltd.: Lin, Ming-Hsiang</td></tr>
<tr><td>Director</td><td>Soong Ming-Feng</td></tr>
<tr><td>Director</td><td>Yu, Ming-Chang</td></tr>
<tr><td>Director</td><td>Lee Shih Shen</td></tr>
<tr><td>Director</td><td>Tsai Hsung-Hsiung</td></tr>
<tr><td>Independent director</td><td>Sun Chin-Su</td></tr>
<tr><td>Independent director</td><td>George Chen</td></tr>
<tr><td>Independent director</td><td>Hsieh Fa-Jung</td></tr>
</table>

1. Please specify the policy, system, standards and structure of remuneration payments to independent directors, and describe the relationship between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration to them:
   (1) Pursuant to the Company's Articles of Incorporation, the remuneration of the Chairman and Directors (including independent and non-independent Directors) of the Company shall be authorized to be determined by the Board of Directors' meeting based on their participation in the Company's operations and the value of their contributions, as well as the domestic and international industry standards.
   (2) The Company's Articles of Incorporation also specify that no more than 3% of the annual profit shall be used as directors' remuneration.
   (3) The principles for the payment of directors' remuneration are as follows:
      a. Since all independent directors serve as members of the Audit Committee and the Remuneration Committee, they are required to participate in the discussions and resolutions of the relevant committee meetings in accordance with the charter of each committee; therefore, their remunerations are higher than that of general directors;
      b. Serving as the chairman and the chairman of various functional committees requires more time, so his remuneration is higher than that of independent directors.
2. In addition to the disclosure shown in the above table, the remuneration received by the directors for their service provided to all companies listed in the financial reports in the most recent fiscal year: None.

Remuneration Scale Table

Remuneration Scale Paid to Each Director	Names of Directors			
	Sum of first four items (A+B+C+D)		Sum of first seven items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Below NT$1,000,000	Chan, Chi-Che; Lin, Ming-Hsiang; Yu, Ming-Chang; Li, Si-Hsien; Tsai, Hsung-Hsiung; Sun Chin-Su; George Chen; Hsieh Fa-Jung	Chan, Chi-Che; Lin, Ming-Hsiang; Yu, Ming-Chang; Li, Si-Hsien; Tsai, Hsung-Hsiung; Sun Chin-Su; George Chen; Hsieh Fa-Jung	Chan, Chi-Che; Lin, Ming-Hsiang; Yu, Ming-Chang; Tsai, Hsung-Hsiung; Sun Chin-Su; George Chen; Hsieh Fa-Jung	Chan, Chi-Che; Lin, Ming-Hsiang; Yu, Ming-Chang; Tsai, Hsung-Hsiung; Sun Chin-Su; George Chen; Hsieh Fa-Jung
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)				
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Raymond Soong	Raymond Soong	Raymond Soong	Raymond Soong
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)				
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)				
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)				
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)			Lee Shih Shen	Lee Shih Shen
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)				
NT$50,000,000(inclusive)~ NT$100,000,000 (exclusive)				
Above NT$100,000,000				
Total				

Note 1: The names of directors should be listed separately (institutional shareholders should list their names and representatives separately), and general directors and independent directors should be listed separately, and the payment amounts should be disclosed in an aggregation manner. Directors who concurrently serve as president or vice president should fill in this table and the table below "Remuneration of president and vice presidents (individual disclosure of names)."

Note 2: Refers to the remuneration of directors in the most recent year (including directors' salary, position bonus, severance payment, various bonuses, incentives, etc.).

Note 3: This is the amount of directors' remuneration approved by the board of directors in the most recent year.

Note 4: Refers to the director's relevant business execution expenses in the most recent year (including transportation subsidies, special expenditures, various allowances, and in-kind benefits such as dormitories and company cars). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please indicate the relevant compensation paid by the Company to the driver, but it will not be included in the remuneration.

Note 5: Refers to the compensations received by directors concurrently serving as employees (including the president, vice president, other managerial officers and employees) in the most recent year, including salary, position allowance, severance pay, various bonuses, incentives, special expenditures, various allowances, and in-kind benefits such as dormitories, and company car. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please indicate the relevant compensation paid by the Company to the driver, but it will not be included in the remuneration. Also, the salary expenses recognized based on IFRS 2 "Share-based payment," including the acquisition of employee share subscription warrants and new restricted employee shares, or subscription for a capital increase in cash, shall be counted into the remunerations. (The cost of car renting in 2020 was NT$778 thousand.)

Note 6: Refers to directors who have received employee remuneration (including stocks and cash) for concurrently serving as employees (including the president, vice president, other managerial officers and employees) in the most recent year, and the amount of employee remuneration approved by the board of directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the proportion of the distribution amount last year. The attached table "Name of the managerial officers to whom the employee remuneration distributed and distribution status" should be filled in.

Note 7: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated statement should be disclosed.

Note 8: The total remuneration paid to each director by the Company; their names are disclosed in the scale table they belong to.

Note 9: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated statements should be disclosed, and their names should be disclosed in the scale table they belong to.

Note 10: Net profit after tax refers to the net profit after tax of the parent company-only or individual financial report in the most recent year.

Note 11: a. This column shall specify the remunerations from the investees other than subsidiaries or parent company received by directors (please indicate "none" if no such thing)

b. If any director receives relevant remuneration from the investees other than subsidiaries or parent company, the remunerations from the investees other than subsidiaries or parent company received by directors shall be included in Column I of the Remuneration Scale Table, and change the name of the column as the "Parent Company and all Investees."

c. Remuneration refers to the remunerations, compensations (including compensations of employees, directors and supervisors) and business execution expenses received by the Company's directors for serving as directors, supervisors or managerial officers of non-subsidiary investment enterprises or the parent company.

*The content of the remuneration disclosed in this table is different from the income concept of the Income Tax Act, so the purpose of this table is for information disclosure only and not for taxation.

2. Supervisor's Remuneration (disclosure by individual name and remuneration): Not applicable.

Note 1: The company replaced the supervisor with the Audit Committee on June 7, 2016.

3. Remuneration for President and Vice Presidents (disclosure by individual name)

Unit: NT$ thousand Date: December 31, 2020

Position	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonus and Special Expense (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C and D in proportion to the net profit after tax (%) (Note 8)		Remuneration from the investees other than subsidiaries or parent company (Note 9)
		The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	The Company	All companies included in the financial statement (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash amount	Share amount	Cash amount	Share amount			
President	Lee Shih Shen	3,000	3,000	576	576	8,725	8,725	2,853	0	2,853	0	2.80%	2.80%	None

*Regardless of job title, all positions equivalent to the president or vice president (for example: president, chief executive officer, director... etc.) should be disclosed.

Note 1: The names of the president and vice presidents should be listed separately, and the payment amounts should be disclosed in an aggregated manner. If a director serves concurrently as the president or vice president, this table and the previous table "Remuneration of directors (including independent directors)" shall be filled in.

Note 2: It is to fill in the salaries of the president and vice presidents in the most recent year, position allowance, and severance pay.

Note 3: It is to fill in the amount of various bonuses, incentives, transportation subsidies, special expenditures, various allowances, and in-kind benefits such as dormitories, and company car, and other compensations. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please indicate the relevant compensation paid by the Company to the driver, but it will not be included in the remuneration. Also, the salary expenses recognized based on IFRS 2 "Share-based payment," including the acquisition of employee share subscription warrants and new restricted employee shares, or subscription for a capital increase in cash, shall be counted into the remunerations. (The cost of car renting in 2020 was NT$778 thousand.)

Note 4: Fill in the amount of employee remuneration (including shares and cash) approved by the board of directors to distribute to the president and vice presidents in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the proportion of the distribution amount last year. The attached table "Name of the managerial officers to whom the employee remuneration distributed and distribution status" should be filled in.

Note 5: The total amount of remunerations paid to the president and vice presidents of the Company by all companies (including the Company) in the consolidated statements should be disclosed.

Note 6: The total remuneration paid to each president and vice president by the Company; their names are disclosed in the scale table they belong to.

Note 7: The total amount of remuneration paid to the president and vice president of the Company by all companies (including the Company) in the consolidated statements should be disclosed, and their names should be disclosed in the scale table they belong to.

Note 8: Net profit after tax refers to the net profit after tax of the parent company-only or individual financial report in the most recent year.

Note 9: a. This column shall specify the remunerations from the investees other than subsidiaries or parent company received by the president and vice presidents (please indicate "none" if no such thing)

b. If president and vice presidents receive relevant remuneration from the investees other than subsidiaries or parent company, the remunerations from the investees other than subsidiaries or parent company received by president and vice presidents shall be included in Column E of the Remuneration Scale Table, and change the name of the column as the “Parent Company and all Investees.”

c. Remuneration refers to the remunerations, compensations (including compensations of employees, directors and supervisors) and business execution expenses received by the president and vice presidents of the Company for serving as directors, supervisors or managerial officers of non-subsidiary investment enterprises or the parent company.

*The content of the remuneration disclosed in this table is different from the income concept of the Income Tax Act, so the purpose of this table is for information disclosure only and not for taxation.

4. Top Five Executives with the Highest Remuneration of a Twse/ Tpex Listed Company (Disclosure by Individual Name and Remuneration) (Note 1): Not applicable

5. Names of Management Team for the Allotment of Employee Remuneration and Allotment Conditions

Unit: NT$ thousand December 31, 2020

<table>
<tr><th></th><th>Position (Note 1)</th><th>Name (Note 1)</th><th>Share amount</th><th>Cash amount</th><th>Total</th><th>Percentage of total amount to net profit after tax (%)</th></tr>
<tr><td rowspan="9">Managerial Officers</td><td>President</td><td>Lee Shih Shen</td><td rowspan="9">0</td><td rowspan="9">4,095</td><td rowspan="9">4,095</td><td rowspan="9">0.76%</td></tr>
<tr><td>Chief</td><td>Sung, Yun-Hsing</td></tr>
<tr><td>Chief</td><td>Li, Hsun-Neng</td></tr>
<tr><td>Special Assistant</td><td>Ting, Tai-Chuan</td></tr>
<tr><td>Chief</td><td>Lai, Hsin-Chung</td></tr>
<tr><td>Chief</td><td>Yang, Cheng-Ping</td></tr>
<tr><td>Plant Chief</td><td>Lin, Yen-Tsung</td></tr>
<tr><td>Plant Chief</td><td>Chen, Chu-Yi</td></tr>
<tr><td>Plant Chief</td><td>Lu, An-Chuan</td></tr>
</table>

Note 1: Individual names and titles should be disclosed, but the profit distribution may be disclosed in an aggregated manner.

Note 2: This is to fill in the amount of employee remuneration (including shares and cash) approved by the board of directors to managerial officers in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated based on the proportion of the distribution amount last year. Net profit after tax refers to the net profit after tax in the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the parent company-only or individual financial report in the most recent year.

Note 3: The applicable scope of managerial officers, based on Letter Order Tai-Cai-Zheng-San-Zhi No.0920001301 of the Commission on March 27, 2003, includes the following:

(1) President and equivalent

(2) Vice president and equivalent

(3) Assistant vice president and equivalent

(4) Head of the finance department

(5) Head of the accounting department

(6) Other staff with authority to manage the affairs for the company and sign.

Note 4: If the directors, presidents and vice presidents receive employee remunerations (including shares and cash), this table should be filled in additionally.

(IV) Comparison and Explanation of Percentage of the Total Remuneration for Directors, Supervisors, Presidents and Vice Presidents of this Company Paid over the Past Two Years by this Company to Net Profit After Tax the in the Parent-Company-Only or Individual Financial Statements, the Policy of Remuneration Payment, the Standards and Combination, the Procedure for Remuneration Decision, and the Relevant Between Operation Performance and Future Risks.

1. Analysis of the percentage of the total remuneration for directors, supervisors, Presidents and Vice Presidents of this Company paid over the past two years by this Company to net profit after tax the in the parent-company-only or individual financial statements.

Job Title	Total remuneration as a percentage of net profit after tax in the parent-company-only or individual financial statements %			
	2020		2019	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	1.45%	1.45%	1.49%	1.49%
President and vice presidents	2.80%	2.80%	3.33%	3.33%

2. Explain the policy of remuneration payment, the standards and combination, the procedure for remuneration decision, and the relevant between operation performance and future risks

In case of making a profit for a year, no more than 3% of the annual profit shall be used as directors' remuneration, up to the resolution of the Board of Directors.

When the Company evaluates the performance and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers, the following principles shall be observed:

(1) The Company shall adopt the performance evaluation standards and remuneration standards or a remuneration structure and system based on future risk-adjusted performance and in line with long-term overall profitability and shareholders' interests.

(2) The remuneration and reward system shall not induce any director, managerial officer, or associated person to conduct any act beyond the company's risk appetite to pursue remuneration. The Company shall periodically, review the remuneration and reward system and performance in order to ensure their consistency with the company's risk appetite.

(3) The time for payment of remuneration by the Company shall be set based on future risk-adjusted profitability in order to avoid the improper circumstance of sustaining loss after the payment of remuneration. A significant percentage of the remuneration/reward shall be paid by a deferred or

equity-related method.

(4) When the Company assesses the contribution of a director, managerial officer, or associated person to the company's profits, it shall conduct an overall analysis of the Company’s peers to clarify whether such profits resulted from an overall advantage of the company, in order to effectively assess the contributions that come from individual persons.

(5) The stipulations on severance pay between the Company and its directors, managerial officers, and associated persons shall be adopted based on realized performance in order to avoid improper circumstances such as receiving high severance pay after a short term of employment.

III. Implementation of Corporate Governance

(I) Operation of the Board of Directors

A.The board of directors convened four meetings (A) in 2020. The attendance of the directors is described below:

Position	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note 2)	Remarks
Chairman	Dasong Investment Co.,Ltd. Representative: Raymond Soong	3	1	75	
Director	Kwong Lung Enterprise Co.,Ltd. Representative: Chan Chi-Che	4		100	
Director	Hua Eng Wire & Cable Co.,Ltd. Representative: Lin Ming Hsiang	3	1	75	
Director	Soong Ming-Feng	4		100	
Director	Yu, Ming-Chang	4		100	
Director	Tsai Hsung-Hsiung	4		100	
Director	Lee Shih Shen	4		100	
Independent director	George Chen	4		100	
Independent director	Sun Chin-Su	4		100	
Independent director	Hsieh Fa-Jung	4		100	

Other matters required to be recorded:

I. If the operation of the board of directors matches one of the following conditions, it is required to specify dates, the number of meetings and content of proposals of directors, opinions of all independent directors and response to the opinions of independent directors on the Company:
  (I) For matters set in Article 14-3 of the Security Exchange Act: The board of directors convened four meetings in 2020, and the resolution details as Page 69 of the Annual Report.
  All independent directors approved the matters set in Article 14-3 of the Security Exchange Act as they were proposed without dissent.
  (II) Other resolutions, except for the above-mentioned ones, in the board of directors meeting about which any independent director expresses dissent or reservation and a record or written statement is made: None.

II. As for the implementation status of recusal bearing on the interest of a director is involved, the name of the director, proposal, reasons for the recusal, and participation in the voting shall be described: None.

III. The Board of Directors’ Performance Evaluation: please refer to Note 3, Performance Evaluation Report, and the implementation of the Board of Directors and each functional committee.

IV. Goal for enhancement of board functions (such as the establishment of an audit committee or improvement of information transparency) in the most recent year and the most recent year and assessment of implementation conditions.
  (I) To implement corporate governance and enhance the functions of the Board of Directors of the Company while establishing performance targets for better operational efficiency of the Board of Directors, the “Procedures for the Board’s Performance Evaluation” was revised on November 7, 2019. The performance evaluation of the Board of Directors is carried out once a year. There are 16 aspects to evaluate the performance of the Board of Directors as a whole, board members, and the functional committees through questionnaire surveys with evaluation reports; the results of the performance evaluation of the Board of Directors have been submitted to the Board of Directors.
  (II) The company has formulated the “Regulations Governing Procedure for Board of Directors Meetings” pursuant to the

"Regulations Governing Procedure for Board of Directors Meetings of Public Companies." It has entered the directors' attendance at the board meetings on the MOPS and disclosed major resolutions of the Board of Directors on the Company's website.

(III) The Company established the Remuneration Committee on October 28, 2011, responsible for implementing recommendations, evaluating and supervising the Company's overall remuneration policy, the president and managerial officers' remuneration levels, employee share subscription plans and employee profit-sharing plans or other employee incentive plans. Please refer to Page 37, "Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons" for the implementation

(IV) Functions of the Board of Directors: Board members continue to participate in continuing educations related to corporate governance topics during their terms of office. The independent directors are in compliance with the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The board members have different professional functions as an implementation for the director diversity policy.

(V) Since June 7, 2016, the Audit Committee has been set up to take charge in implementing relevant laws and regulations and assisting the Board of Directors to perform its supervisory duties. The chair of the committee regularly reports its resolutions to the Board of Directors.

Note 1: In case the director or supervisor is an institutional shareholder, such institutional shareholder's name and its representative's name shall be indicated.

Note 2: (1) If a director or supervisor has resigned before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the board of directors and actual attendance during the term of office.

(2) Before the end of the year, if there is the re-election of directors and supervisors, both the new and old directors and supervisors should be listed, and in the remarks column, it should indicate whether the directors and supervisors are old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of board of directors' meetings and the actual number of attendances during the term of office.

B. Attendance of independent directors to the board meetings: ⊙: attendance in person Δ: Attendance in proxy

Board of directors	Sun Chin-Su	George Chen	Hsieh Fa-Jung
5th meeting, 8th Term February 20, 2020	⊙	⊙	⊙
6th meeting, 8th Term May 7, 2020	⊙	⊙	⊙
7th meeting, 8th Term August 6, 2020	⊙	⊙	⊙
8th meeting, 8th Term November 5, 2020	⊙	⊙	⊙

Note 3: Implementation of the Evaluation to the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	Evaluation results
Once a year.	January 1, 2020 to December 31, 2020	Evaluation to the Board of Directors' Performance	Self-evaluation of the agenda unit of the Board of Directors	① Participation in the operation of the company ② Improvement of the quality of the board of directors' decision making ③ Composition and structure of the board of directors ④ Election and continuing education of the directors ⑤ Internal control	The average score of each item is 5 points / 5 points, and the evaluation results are extremely excellent. The evaluation results show that the overall operation of the Company's Board of Directors is in line with the spirit of corporate governance.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	Evaluation results
		Evaluation of the individual board member's performance	Self-evaluation of the board members	① Alignment of the goals and missions of the company ② Awareness of the duties of a director ③ Participation in the operation of the company ④ Management of internal relationship and communication ⑤ The director's professionalism and continuing education ⑥ Internal control	The average score of each item is 4.972 points / 5 points, and the evaluation results are excellent. The evaluation results show that the Company's directors have a positive evaluation of the efficiency and effectiveness of the operation of various evaluation indicators.
		Evaluation of the functional committee's performance (Audit Committee/Remuneration Committee)	Self-evaluation in the functional committees	① Participation in the operation of the company ② Awareness of the duties of the functional committee ③ Improvement of quality of decisions made by the functional committee ④ Makeup of the functional committee and election of its members ⑤ Internal control	The average scores of the Remuneration Committee and the Audit Committee are 5 points / 5 points, and the evaluation results are extremely excellent. The evaluation results show that the functional committees have positive evaluations of the efficiency and effectiveness of the operation of various evaluation indicators.

(II) Operation of the Audit Committee

The Audit Committee convened four meetings (A) in 2020. The attendance of the independent directors is described below:

Position	Name	Attendance in Person (B)	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Independent director	George Chen	4	100	
Independent director	Sun Chin-Su	4	100	
Independent director	Hsieh Fa-Jung	4	100	

Other matters required to be recorded:

I. If the operation of the audit committee matches one of the following conditions, it is required to specify dates, number of meetings and content of proposals, resolution of the audit committee and the Company's treatment to the opinions of the audit committee.

(I) For matters set in the Article 14-5 of Security Exchange Act:

Date of the board meeting	Proposal	Matters set in the §14-5 of Security Exchange Act	Resolution of the Audit Committee	The Company's treatment to the opinions of the audit committee
February 20, 2020	1. Co-Tech Development's 2019 "Internal Control System Statement"	V	All attending independent directors of the Audit Committee approved without dissent.	All attending directors approved without dissent.
	2. Proposal of 2019 distributing remuneration of employees and directors.	V		
	3. 2019 consolidated and parent-company only financial statements	V		
	4. Proposal to distribute 2019 earnings	V		
	5. Proposal to issue of cash from additional paid-in capital for 2019.	V		
	6. Proposal to appoint CPAs for 2020 Q1.	V		
May 7, 2020	1. 2019 Business Report	V		
	2. Proposal to amend part of the "Articles of Incorporation."	V		
August 6, 2020	1. 2020 Q2 consolidated financial report	V		
	2. Appointed the corporate governance officer.	V		
November 5, 2020	1. 2021 annual audit plan.	V		
	2. Amended the "Operational Procedure for Managing Clients' Credit and Due Diligence."	V		

(II) Other resolution that has not been passed by the Audit Committee but passed by two-thirds or more of all Directors: None.

II. As for the implementation status of recusal bearing on the interest of an independent director is involved, the name of the independent director, proposal, reasons for the recusal, and participation in the voting shall be described: None.

III. Method of communication between Independent Directors, the Internal Audit Supervisor, and CPA (the material matters, methods, and results of the communication regarding the Company's finance and business):

(I) The Company's internal auditing unit sends audit reports and follow-up reports on audit deficiencies and improvements to independent directors every month and convenes audit committee meetings at least once a quarter to provide independent directors with audit services and audit results and their tracking status.

(II) During the quarterly audit committee meetings, the CPAs report the Company's and domestic and overseas subsidiaries' financial statements review or audit results, internal control audits, the impact of the revision and release of IFRSs bulletins on the Company, and other relevant legal requirements to the independent directors, and communicate whether there is any adjusted entry in financial statements or whether the amendment of the law affects the accounting method.

(III) Audit officers, CPAs and independent directors may communicate directly with each other as needed at any time, and the communication channels are smooth.

Note:

*If a supervisor or independent director resigned before the end of the year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual number of attendances during the term of office.

*Before the end of the year, if there is a re-election of a supervisor or independent director, the new and old supervisors should be listed. In the remarks column, it should indicate whether the supervisor is the old, new or re-elected and the re-election date. The actual attendance rate (%) is calculated based on the actual number of attendances during the term of office.

(III) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and Reasons:

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the company established and disclosed its corporate governance principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	v		The Company has established the "Corporate Governance Best-Practice Principles" and disclosed them on the website: (http://www.co-tech.com/_ch/04_ir/01_detail.php?MainID=8)	No deviation
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle Shareholders' recommendations, queries, disputes, and litigations?	v		(I) The stock affairs have been commissioned to a professional stock affair agency company, provide consulting and professional stock affairs services, convene shareholder meetings pursuant to the Company Act and related laws and regulations, and formulate the "Rules of Procedure for Shareholders Meetings." For the matters that should be resolved by the shareholders' meetings, they are implemented in accordance with the rules of procedure and shareholders are given the chance to speak. The content of the shareholders' speeches and the Company's treatments are recorded in the minutes of the shareholders' meeting. In addition, the Company has a spokesperson responsible for handling suggestions, doubts or disputes raised by shareholders.	No deviation
(II) Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller?	v		(II) The Company can effectively grasp the shareholding status of major shareholders such as directors and managerial officers and disclose it pursuant to laws and regulations.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	v		(III) The company has formulated the "Subsidiary Operation Management Procedures" and "Operational Procedures for Financial and Business Transaction among Group Companies and Specific Companies" in accordance with relevant laws and regulations to appropriately control the risks among the Company and its affiliate and to establish of appropriate firewalls.	No deviation
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	v		(IV) The Company has formulated the "Operational Procedures for Handling Material Internal Information" to regulate the related information.	No deviation
III. Composition and responsibilities of the Board of Directors (I) Has the Board established and implemented policies to ensure the diversity of its members?	v		(I) The Company's "Corporate Governance Best Practice Principles" have specified the diversity policy for board members in the chapter on "Strengthening Board Functions." The nomination and election of board members comply with the Company's Articles of Incorporation. In addition to evaluating the qualifications of each candidate, it also refers to the opinions of interested parties. It abides by the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" to ensure the diversity and independence of directors while considering their background and professional aspects.	No deviation
(II) Apart from the Remuneration	v		(II) In addition to the Remuneration Committee and the Audit	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?			Committee, the Company has also established an Employee-Employer Coordination Committee as a communication bridge between employees and the Company. The policy promotion, employee suggestions, among other things, are carried out in a two-way communication manner. The protection of employees' interests and the implementation of the welfare system conform to laws and regulations.	
(III) Has the Company established a set of policies and assessment methodology to evaluate the performance of the Board? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual Directors and a nomination for re-election?	v		(III) The Company has revised the "Procedures for the Board's Performance Evaluation" on November 7, 2019. The scope of the Company's Board performance evaluation includes the performance evaluation of the overall Board of Directors, individual directors and functional committees. The method of evaluation is internal self-evaluation of the Board, self-evaluation of directors, peer evaluation, retaining of external professional institutions, experts or other appropriate methods for performance evaluation. The Company considers the status of the company and needs to formulate performance evaluation measurement items, such as: participation in the operation of the company, decision-making quality, continuing education, internal control, etc. When selecting or nominating the directors, the performance evaluation results are included in the selection reference; and the results of individual director's performance evaluations are used as the basis for determining their individual remuneration. When the Board of Directors' meeting convened on	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			January 27, 2021, the evaluation results were reported to the Board of Directors.	
(IV) Does the Company assess the independence of external auditors regularly?	v		(IV) The Company has formulated the "Procedures for CPAs' Performance Evaluation," and the main evaluation content is divided into two parts: 1. CPAs' independence: including terms of office, contingent service fees, financial interests... etc. 2. CPAs' competence: service quality and scale, professional level, timeliness... etc. The Company conducts evaluations in accordance with the items listed in the "Procedures for CPAs' Performance Evaluation" and evaluates the performance of CPAs regularly every year (once a year). The result of the overall evaluation in 2020 is 90 points. When the Board of Directors' meeting was held on May 6, 2021, the evaluation results were reported to the Board of Directors.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Does the TWSE/TPEx listed company dedicate competent managers or a sufficient number of managers to take charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting the Board and Supervisors in legal compliance, convening Board/Shareholders' meetings in accordance with the law, applying for/changing company registry, and producing meeting minutes of Board/Shareholders' meetings)?	v		The Company's financial department concurrently serves as the corporate governance unit. The financial officer concurrently serves as the corporate governance officer, to handle the Board of Directors and shareholders' meeting related matters, conduct the company registration and change registration, and prepares the Board of Directors and shareholders' meeting minutes.	No deviation
V. Has the Company established a means of communicating with its stakeholders (including but not limited to Shareholders, Employees, customers, suppliers, et cetera) or created a stakeholder section on the Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	v		The Company has set up a section specific to stakeholders on the Company's webpage. It has established a communication channel for stakeholders to make suggestions, criticisms, and advice on the Company. (http://www.co-tech.com/_ch/04_ir/01_detail.php?MainID=9)	No deviation
VI. Does the Company appoint the professional stock affair agency to handle the affairs of the shareholders' meeting?	v		The Company has retained a professional stock affair agency to handle consultancy and stock affair professional services and convene shareholders' meetings pursuant to the Company	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			Act and related laws and regulations.	
VII. Information Disclosure (I) Has the company established a website that discloses financial, business, and corporate governance-related information?	v		(I) The company has disclosed the latest news of relevant product information and financial information on the Company's website, and a link to MOPS is provided to inquire about the Company's relevant financial, business and corporate governance information.	No deviation
(II) Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing a spokesperson system, disclosing the process of institutional investor conferences on the Company website and etc.)?	v		(II) In addition to the above-mentioned websites, the company has a spokesperson system and exposes financial business data and corporate governance information on the "MOPS" (website http://mops.tse.com.tw).	No deviation
(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?	v		(III) The Company's 2020 financial report was announced and reported on the day when the Board of Directors approved the financial report on January 27, 2021. The financial reports for the first, second, and third quarters are also announced and reported on the day of approval by the Board of Directors. The monthly revenues are completed before the 10th day of the following month, as required.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VIII. Does the Company have any other important information (including but not limited to employees' rights, employee care, investor relations, supplier relationship, rights and interests of stakeholders, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	v		(I) Employees' rights: In addition to the establishment of the Employee Welfare Committee and the Labor Pension Reserve Supervision Committee in accordance with the law, for comprehensively conducts the preparation, contribution, custody, and utilization of employee benefits and pension reserves, as well as related matters regulated by relevant laws, the Company regularly holds employee-employer meetings as a bridge of communication between employees and the Company. All policy promotions, employee's voices and counseling are conducted in two-way communication. The protection of employees' interests and the implementation of the welfare system conform to laws and regulations.	No deviation
			(II) Employee care: Through a substantial and good training system, a good relationship of mutual trust and dependence with employees is established. Regular health check-ups are arranged to help employees monitor and improve their physical health, with group life insurance and accident insurance, as well as parking lots.	No deviation
			(III) Investor relations: To protect the interests of shareholders and make it easier for the investors to understand the Company's operating conditions, in addition to the queries on the MOPS, the Company has set up a "Stakeholder Section" on the Company's	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			website to provide investor-related information, and	
			appointed the spokesperson and cooperated with a professional stock agency, to handle shareholder suggestions and serve as the contact.	
			(IV) Supplier relationship: The Company treats suppliers with fairness, respect and dignity, and maintains good interactive relationships.	No deviation
			(V) Stakeholders' rights: The Company has set up the spokesperson and deputy spokesperson to handle related issues and suggestions; but if legal issues are involved, the Company has hired lawyers and consultants to deal with them, to safeguard the legitimate interests.	No deviation
			(VI) Continuing education for directors and supervisors: The directors and supervisors of the Company have professional backgrounds in the industry and practical experience in operation and management; by complying with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies," they received continuing education; such education is disclosed on the "MOPS." Please refer to Note 2 for the details of their continuing educations.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			(VII) Execution of risk management policies and risk measuring standards: Formulate various internal management systems pursuant to laws and conduct regular inspections to effectively manage and evaluate various risks.	No deviation
			(VIII) Execution of customer policies: 1. The Company maintains a stable and good relationship with customers, meets customers' needs, and aims to create a green enterprise. 2. Regularly conducts due diligence to customers and ensures accounts receivable insurance to minimize the risk of bad debts.	No deviation
			(IX) The liability insurance for the Company's directors and supervisors: The Company has bought the liability insurance for the directors.	No deviation

IX. Please describe improvements that have been made about the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center, as well as priorities and measures for matters that have yet to be improved. (The companies not subject to the evaluation need not fill in this part)

For the results of the 2020 Corporate Governance Evaluation, the Company's ranking was the first 21%~35%. The main items lost scores include the indicators that the Company has not prepared the annual reports and agenda handbooks in English. The Company will prepare the annual reports and agenda handbooks in English

Note 1: Regardless of "Yes" or "No" checked for the operation, summaries shall be provided in the column.

Note 2: The continuing educations of directors, supervisors and managerial officers for 2020.

Position	Name	Date of Course	Sponsor	Name of Course	Hours of Course
Chairman	Dasong Investment Co.,Ltd. Representative: Raymond Soong	2020/08/06	Taiwan Corporate Governance Association	Battle of patent rights, and	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3
Representative of institutional director	Kwong Lung Enterprise Co.,Ltd. Representative: Chan Chi-Che	2020/08/06	Taiwan Corporate Governance Association	Battle of patent rights, and	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3
		2020/11/06	Taiwan Corporate Governance Association	How do directors supervise the company to implement the internal control for better corporate governance.	3
		2020/12/11	Taiwan Corporate Governance Association	Introduction to the latest trends of corporate governance practice 3.0	3

Position	Name	Date of Course	Sponsor	Name of Course	Hours of Course
Representative of institutional director	Hua Eng Wire & Cable Co.,Ltd. Representative: Lin Ming Hsiang	2020/09/03	Securities and Futures Institute	Seminar to promote the prevention of insider trading and insider stake trading for 2020.	3
		2020/11/06	Taiwan Corporate Governance Association	Practice of insider trading, legal responsibility, and case study	3
Director	Yu, Ming-Chang	2020/08/06	Taiwan Corporate Governance Association	Battle of patent rights, and	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3
Director	Tsai Hsung-Hsiung	2020/08/06	Taiwan Corporate Governance Association	Battle of patent rights, and	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3
		2020/11/06	Taiwan Corporate Governance Association	How do directors supervise the company to implement the internal control for better corporate governance.	3
		2020/12/11	Taiwan Corporate Governance Association	Introduction to the latest trends of corporate governance practice 3.0	3

Position	Name	Date of Course	Sponsor	Name of Course	Hours of Course
Director	Lee Shih Shen	2020/08/06	Taiwan Corporate Governance Association	Battle of patent rights, and	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3
Director	Soong Ming-Feng	2020/08/06	Taiwan Corporate Governance Association	Battle of patent rights, and	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3
Independent director	Hsieh Fa-Jung	2020/08/06	Taiwan Corporate Governance Association	Battle of patent rights, and	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3

Position	Name	Date of Course	Sponsor	Name of Course	Hours of Course
Chief (Finance and accounting officer)	Li, Hsun-Neng	2020/09/17	Taiwan Corporate Governance Association	Battle of operation right and case study	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3
		2020/11/26~ 11/27	Accounting Research and Development Foundation	Continuing education course for the accounting officers of issuers, brokers, and exchanges (Taipei Course)	12
Audit Manager	Tsai, Ren-Hua	2020/08/06	Taiwan Corporate Governance Association	Battle of patent rights, and	3
		2020/11/05	Taiwan Corporate Governance Association	the key technologies and market application of 5G and IoT	3
		2020/09/07	The Institute of Internal Auditors, R.O.C.	Analysis for the policy improving the self-preparation of financial reports by enterprises and the discussions of the internal audit and control practices.	6
		2020/11/18	The Institute of Internal Auditors, R.O.C.	The seminar for the audit practice in the IT industry	6

(IV)If the Company has Established the Remuneration Committee, its Composition, Responsibilities, and Operation should be Disclosed:

In order to continuously strengthen corporate governance and conform to international standards, Co-Tech established the Remuneration Committee in 2011. The Committee is authorized by the Board of Directors to supervise and review the Company's overall remuneration policy and plan and has the right to resolve. This is a highly authorized remuneration committee system among domestic OTC-traded companies and has become a leading indicator of domestic corporate governance. The scope of supervision of the Remuneration Committee includes the remuneration of the chairman, all senior executives and managerial officers, as well as employee incentives and profit-sharing plans

1. About the composition, responsibilities and operation of the Remuneration Committee

(1) Composition of Remuneration Committee

A. The Committee consists of three members, and all three members are independent directors to maintain the independence, professionalism, and impartiality of the Remuneration Committee while avoiding the conflict of interest risks between the Committee members and the Company.

B. The members of the Committee are appointed by the Chairman through a resolution approved by the Board of Directors. The term of office of the members starts from the day when the Board of Directors approves the appointment to the expiration of the term of the directors of the same term. If there is any change to the Committee members, the term of office expires at the expiration of the original term.

C. The term of the Remuneration Committee members shall end at the same time as that of the Board of Directors that appointed the Remuneration Committee.

D. If any member of the Remuneration Committee is dismissed for any reason, and thus the number of members is fewer than three, the Board of Directors shall convene a meeting to appoint the replacement within three months from the day when the fact occurs.

E. When there is an appointment or change of the Remuneration Committee's member, it shall, within two days counting inclusively from the date of occurrence, be publicly disclosed and reported on the information reporting website designated by the competent authority.

F. The agenda of the Committee is handled by the Finance Department.

G. The professional qualifications and independence of the members of the Committee shall comply with Article 5 and Article 6 of the Remuneration Committee's Authority Procedures.

(2) Duties of Remuneration Committee

The remuneration committee shall exercise the care of a good administrator in faithfully performing its official powers and shall submit its recommendations for deliberation by the board of directors:

A. Periodically reviewing this Charter and making recommendations for amendments.

B. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers

C. Periodically evaluate and prescribe the remuneration of directors and managerial officers.

D. With respect to the performance assessment and remuneration of directors and managerial officers of the company, it shall refer to the typical pay levels adopted by peer companies and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.

E. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.

F. It shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.

G. "Compensation" as used in Paragraphs D and F includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

H. Any member of the Committee must not vote for the proposal in case of any of the following circumstance:
   (a) The member or the institution he/she represents has a conflict of interest, which may be detrimental to the Company's interest.
   (b) The member voluntarily recuses.
   (c) In case the Committee becomes unable to resolve due to the preceding requirements, the Board of Directors shall be reported to, and the resolution will be made by the Board of Directors.

(3) Operation of Remuneration Committee

A. Qualifications of the Remuneration Committee Members.

April 30, 2021

Identity (Note 1)	Qualifications / Name	More than 5 years of experience and the following professional qualifications: An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who have passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business.	Have work experience in commerce, law, finance or accounting, or otherwise necessary for company business.	Status of independence (Note 2): 1	2	3	4	5	6	7	8	9	10	Number of other public companies in which the member is concurrently serving as a remuneration committee member	Remarks
Independent director	Sun Chin-Su		V	V	V	V	V	V	V	V	V	V	V	V	3	Compliant
Independent director	George Chen			V	V	V	V	V	V	V	V	V	V	V	None	Compliant
Independent director	Hsieh Fa-Jung			V	V	V	V	V	V	V	V	V	V	V	None	Compliant

Note 1: For the identity, please indicate the position as Director, Independent Director, or others.

Note 2: Member who meets the following conditions two years before the appointment or during the term of appointment, indicate with "✓" at the corresponding boxes below.

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

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

(3) Not a natural-person shareholder or holder of shares, together with those held by a spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking within the top 10 in holdings.

(4) Not a managerial officer listed in criteria (1) or a spouse, relative of second degree, or direct kin of third degree or closer to persons not qualified for criteria (2) and (3).

(5) Not a director, supervisor, or employee of a juristic-person shareholder that directly holds five percent or more of the total number of issued shares of the Company or of a juristic-person shareholder that ranks among the top five in shareholdings according to Paragraph 1 or Paragraph 2 Article 27 of the Company Act (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(6) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the company's board of directors. (However, in the case of independent directors established and concurrently serving in the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)

(7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company. (The same does not apply, however, if specified company or institution possessing shareholdings of more than 20% and less than 50% of the total number of issued shares of the Company, and in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative remuneration exceeding NT$500,000, or a spouse thereof. This restriction does not apply to a member of the salary and Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, which exercises powers pursuant to the Act or the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not under any circumstances as stipulated in Article 30 of the Company Act.

B. Operation of the Remuneration Committee

(a) The total number of members in the Remuneration Committee amounts to three persons.

(b) The term of office for the current members: June 13, 2019 to June 12, 2022. For the most recent year (2020), a total of three (A) meetings were held by the Remuneration Committed. The attendance is as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Sun Chin-Su	3	0	100%	
Member	George Chen	3	0	100%	
Member	Hsieh Fa-Jung	3	0	100%	

Other matters required to be recorded:

I. Proposal discussed by the Remuneration Committee are as the following:

<table>
<tr><th>Date of meeting</th><th>Proposal in the meeting</th><th>Resolution</th><th>The Company’s treatment to the Remuneration Committee’s opinions</th></tr>
<tr><td>February 20, 2020</td><td>Proposal of 2019 distributing remuneration of employees and directors.</td><td rowspan="6">Approved by all members</td><td rowspan="6">Submitted to the Board of Directors and approved by all directors</td></tr>
<tr><td rowspan="2">May 7, 2020</td><td>2020 reward plan</td></tr>
<tr><td>Discussed the 8th term of the Board of Directors and the scores of 2019 corporate governance</td></tr>
<tr><td rowspan="3">November 5, 2020</td><td>Proposal of principles for issuing the year-end bonus and the performance bonus for 2020.</td></tr>
<tr><td>Discussed the 2021 working plans of the Remuneration Committee</td></tr>
<tr><td>Discussed and amended the 2020 reward plan</td></tr>
</table>

II. If the Board of Directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, the session, the nature of motion, the resolution made by the Board of Directors, and the Company’s response to the remuneration committee’s opinion (e.g., if the amount of remuneration passed by the Board of Directors has a discrepancy with the recommended amount by the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

III. If resolutions of the Remuneration Committee are objected by members or become subjected to a qualified opinion, which has been recorded or declared in writing, then the date of the meeting, the session, the nature of the motion, all members’ opinions, and the response to members’ opinions should be specified: None.

Note:

(1) If a Remuneration Committee member resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and actual attendance during the term of office.

(2) Before the end of the year, if the Remuneration Committee is re-elected, both the new and old Remuneration Committee members should be listed. The remarks column should indicate whether the member is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the Salary and Compensation Committee during their terms of office and their actual attendance.

(V) The State of the Company's Performance of Social Responsibilities, any Deviation and Causes of Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/ TPEX Listed Companies:

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from Corporate Social Responsibility
	Yes	No	Summary (Note 2)	
I. Has the Company performed risk assessment pertaining to the environment, community and corporate governance issues related to the operation of the Company in accordance with the materiality principle and established the corresponding risk management policies or strategies? (Note 3)	v		The Company upholds the operation philosophy of "innovation and dedication, grand view and cooperation, and service and persuasion." While pursuing sustainable enterprise operations and profitability, the Company fulfills corporate social responsibilities, values the interests of stakeholders, and emphasizes environmental, social and corporate governance issues, to incorporate them into the Company's management policies and operating activities for achieving the goal of sustainable operation.	No deviation
II. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and report its progress to the Board of Directors?	v		To improve the management of healthy corporate social responsibility, the President's Office is in charge of corporate social responsibility. The Audit Office is responsible for supervising the implementation and reporting to the Board of Directors from time to time.	No deviation
III. Environmental Issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial character?	v		(I) The Company is a designer and manufacturer of electrolytic copper foil for copper foil substrates and multilayer printed circuit boards. It uses acid- and alkalic base chemicals in the production process, which will produce process wastewater and industrial waste. All employees support the environmental protection concept of "pollution and waste reduction, cherish	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from Corporate Social Responsibility
	Yes	No	Summary (Note 2)	
			resources, value environmental protection, and afforest the earth," and deeply realize that enterprises must protect the environment well and properly fulfill their responsibilities for protecting the earth. Therefore, the concept of environmental protection is gradually achieved by promoting the ISO-14001 environmental management system.	
(II) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials with low impact on the environment?	v		(II) The Company researches and develops the waste copper recycling technology on its own so that the waste copper foil may be recycled to reduce the consumption rate. The wooden boxes of copper foil packaging are also reclaimed from customers for reuse.	No deviation
(III) Has the company assessed the potential risks and opportunities for business operations now and the future regarding climate change and will it adopt response measures relating to climate issues?	v		(III) The Company has assessed the potential risks and opportunities of climate change to the Company now and in the future, actively promoted energy-saving and carbon-reduction measures, and installed solar photovoltaic systems and other equipment.	No deviation
(IV) Has the company calculated the greenhouse gas emissions, water consumption, and total weight of waste in the past 2 years. It formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	v		(IV) The Company regularly promotes water conservation. It plans the overall water resources development strategy including: promoting water conservation strategy, strengthening water resources utilization strategy and appropriate development of water resources strategy.	No deviation
IV. Social Issues (I) Does the company have the relevant management policies and procedures stipulated in	v		(I) The Company's employment conditions, such as basic wages, working hours, vacations,	No deviation

Assessment Criteria		Actual Governance (Note 1)				Deviation and Causes of Deviation from Corporate Social Responsibility
		Yes	No	Summary (Note 2)		
	accordance with the relevant laws and regulations and international conventions on human rights?				pension payments, labor and health insurance coverages, occupational disaster compensation, among other things, are in compliance with the relevant regulations of the Labor Standards Act and the Company has established the "Employee's Working Rules" based on the Labor Standard Act and relevant laws and regulations.	
(II)	Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) and appropriately reflect the business performance or achievements in the employee remuneration?	v		(II)	The Company has working rules and relevant personnel management regulations in place, which cover the basic wages, working hours, vacations, pension payments, labor and health insurance coverages, occupational accident compensation, among other things, for the employees hired by the Company; all of these comply with the relevant requirements of the Labor Standard Act. The establishment of the Employee Welfare Committee is to handle various welfare matters through the operations of a welfare committee elected by the employees; the Company's remuneration policy is based on personal ability, and the contribution to the Company, performance, with the positive correlation to the operation performance.	No deviation
(III)	Does the company provide employees with a safe and healthy work environment and regularly provide safety and health education to employees?	v		(III)	The Company values the safety of its employees' working environment very much. With complete hardware and software equipment, it provides employees with a comfortable, safe and healthy working	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from Corporate Social Responsibility
	Yes	No	Summary (Note 2)	
			environment, including the implementation of non-smoking policies and access control measures, regular labor safety training, and regular environmental inspection (concentrations of sulfuric acid, chromic acid, carbon dioxide in the air, lighting, and noise), as well as free health checks and video-audio equipment to employees, so that employees may work and live happily here.	
(IV) Does the company establish effective training programs for employee's career development?	v		(IV) The Company organizes training from time to time and conducts external training as needed, with performance evaluations for performance-based promotions of employees.	No deviation
(V) Has the company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	v		(V) Most of the Company's domestic and foreign suppliers are long-term partners. All products comply with laws and regulations to ensure safe use. The Company has dedicated personnel responsible for handling customer complaints to protect customer rights; the Company requires the product supplied by suppliers to comply with ROHS and work together to protect the environment. The Company implements close relationships with customers, including after-sales customer service and maintenance warranty; for any customer complaint, such is handled and notified immediately.	No deviation
(VI) Has the company established supplier management policies demanding compliance with relevant regulations and their execution	v		(VI) For the management of suppliers, there are the "Procurement Control Procedures," the "Supplier Evaluation Procedures," and the	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from Corporate Social Responsibility
	Yes	No	Summary (Note 2)	
status regarding issues such as environmental, occupational safety, and health or labor rights?			"Supplier Environmental Substance Management Specifications" in place; an evaluation team is composed of process, quality assurance and procurement or production management units, to conduct written and onsite evaluation of suppliers. Such evaluations focus on quality and product safety assurance. For the suppliers with transactions, regular and extraordinary audits are conducts for environmental protection, safety and health management systems, and performance and quality management. Through supply chain management, environmental protection and safety management are promoted to the Company's main suppliers to ensure that they comply with environmental protection, safety and health-related laws and regulations. Meanwhile, raw material suppliers are required to issue "Non-use of Environmental Restricted Substance Certificates for Raw Materials" to declare that their raw materials comply with laws and regulations to ensure safe use. The suppliers are required to observe laws and social norms. Their performance of human rights, labor safety and health, and corporate social responsibilities are evaluated. Only the qualified vendors are accepted as suppliers. The Company held 26 "Environmental policy, safety and health	

<table>
<tr><th rowspan="2">Assessment Criteria</th><th colspan="3">Actual Governance (Note 1)</th><th rowspan="2">Deviation and Causes of Deviation from Corporate Social Responsibility</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>policy promotional training” for suppliers in 2020; each session was 30-60 minutes, and a total of 182 people attended.</td><td></td></tr>
<tr><td>V. Has the company taken reference from the internationally accepted reporting standards or guidance when compiling CSR reports to disclose non-financial information? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?</td><td></td><td>v</td><td>The Company has not yet prepared the CSR report.</td><td>The Company is not included in the list required to submit a CSR report, but the Company spares no effort to promote its CSR.</td></tr>
<tr><td colspan="5">V. For companies who have established corporate responsibility code of conducts in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies,” please describe the current practice and any deviations from the code of conduct:
The Company has established the “Corporate Social Responsibility Best Practice Principles;” in addition to timely amendments of relevant laws and regulations, the Company active participates in environmental protection, social service and care, and sponsorship of public welfare activities, to fulfill corporate social responsibilities with practical actions, there is no difference.</td></tr>
<tr><td colspan="5">VII. Any other essential information that may help us to understand the performance of corporate social responsibility better:
(I) Environmental protection: The Company obtained ISO 14001: 2015 version (CNS 14001:2016) certificate on December 3, 2019, and the certificate is valid until November 2, 2022. The waste gas and sewage generated by the Company's production have been treated with pollution prevention equipment and have not caused pollution, and have passed the environmental protection certification documents provided by the ISO 14001 certified laboratory in order to reduce possible risks.
(II) Community engagement: Every year, the Company regularly assists and participate in the community traditional festival held by Zhonghe Shrine Bei-Ji-Hsuan-Tian Deity (donated about NT$2,000 in 2020).
(III) Social contribution, social service, social welfare: The Company has donated various charity activities from time to time, such as: nursery schools (donated about NT$20,000 in 2020), and held joint employee donations and reliefs for emergencies from time to time to fulfill social responsibilities.
(IV) Consumer rights: In terms of consumer rights protection, although the Company does not have products under its own brand, general consumers do not access the product sales directly, and there has been no consumer dispute since the establishment. The Company has always valued the rights and opinions of consumers very much. In order to ensure the interests of consumers' information access and opinions, the Company has set up relevant e-mails and hotlines to reflect opinions on the Company's website.</td></tr>
</table>

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from Corporate Social Responsibility
	Yes	No	Summary (Note 2)	
(V) Human rights: The Company upholds the principle of equal opportunities and recruits employees through an open selection process. The Company hires talents, regardless of their race, gender, age, religion, nationality or political tendencies. In terms of employment, the Company hires the right people for the right positions and affirms the contribution of diversified talents. The Company strictly prohibits any discrimination, inequality and sexual harassment in the workplace and has established relevant management methods and complaint hotlines to maintain a safe and healthy working environment. (VI) Safety and health: 1. Safety and health policy: Since the establishment, the Company has deeply understood that employees and supplier partners are the most important assets in the sustainable development of the Company. Therefore, during the process of the research and development, manufacturing, testing, and sales for products, not only safety and health regulations and other relevant requirements are met, but also continuous improvement should be made to avoid the occurrence of unsafe conducts, environments and equipment, prevent occupational disasters, and fulfill the responsibility of ensuring the safety and health of employees; The ISO 45001: 2018 version certificate was obtained on February 18, 2019, and the certificate is valid until February 2, 2022. The company commits to: (1) Comply with safety and health laws and related regulations. (2) All employees actively participate in safety and health activities. (3) Protect the safety and health of all employees and all personnel entering the Company. (4) Continuously improve the safety and health management system and management performance. (5) Prevent the occurrence of work-related injuries or unhealthy accidents. (6) Communicate safety and health policies and issues to employees and related personnel. 2. Provide a safe employment environment for workers, which is the responsibility of the Company to safeguard the safety of employees. In order to improve safety and health performance, the Company has actively promoted various management plans in order to achieve the ultimate goal of zero disasters.				

Note 1: If the operation status is checked with "Yes," please explain the important policies, strategies, measures and implementation; if the operation situation is checked with "No," please explain the reasons and explain the future plans of relevant policies, strategies and measures will be adopted.

Note 2: If the company has prepared a corporate social responsibility report, the summary description may be replaced by referring to the corporate social responsibility report and the index page number.

Note 3: The principle of materiality refers to those environmental, social and corporate governance-related issues having significant impacts on the Company's investors and other stakeholders.

(VI) The State of the Company's Performance in the Area of Ethical Corporate Management, any Deviation from the Ethical Corporate Management Best Practice Principles for Twse/ Tpex Listed Companies, and the Reason for any Such Deviation:

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary	
I. Establishment of the ethical corporate management policy and programs (I) Does the Company establish an ethical corporate management policy that the Board of Directors approved and document such policy and procedure, as well as ensuring the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents?	v		(I) The Company has established the "Ethical Corporate Management Best-Practice Principles" and the "Code of Ethical Conduct" and implemented such pursuant to the relevant regulations. Please refer to the Company's website (http://www.co-tech.com).	No deviation
(II) Has the company established a risk assessment mechanism against unethical conducts, analyzed and assessed business activities within their business scope on a regular basis that are at a higher risk of being involved in unethical conducts, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	v		(II) The Company's internal website places "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" for employees to inquire any time. For new employees, the orientations will especially strengthen the promotion and training to understand the Company's emphasis on ethical conduct.	No deviation
(III) Does the Company establish relevant policies that are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, the penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a regular basis?	v		(III) If the relevant code of ethical conduct is violated, disciplinary action will be taken according to the Company's rewards and punishments guidelines.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary	
II. Implementation of ethical management (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	v		(I) The Company has established the "Ethical Corporate Management Best-Practice Principles" and the "Code of Ethical Conduct" and implemented such pursuant to the relevant regulations. Please refer to the Company's website (http://www.co-tech.com). The Company requires the stakeholders who have business relationships with the Company, such as suppliers and contractors, to observe the same ethical standards as the Company's employees.	No deviation
(II) Does the Company task a unit that reports directly to the Board of Directors and promotes ethical standards, making periodical updates (at least once a year) to the Board on business integrity management policy and the supervision of measures for prevention of unethical conduct?	v		(II) The President's Office is the unit to promote ethical corporate management. The Audit Office is responsible for supervising the implementation and reporting to the Board of Directors from time to time.	No deviation
(III) Does the Company have any policy that prevents conflict of interest and channels that facilitate the report of conflicting interests?	v		(III) The Company has a policy to prevent conflicts of interest in place and provides operation status of appropriate statement channels. When there are conflicts of interest in various proposals in board meetings, recusals are conducted, and directors do not participate in the discussion and voting by leaving the meeting.	No deviation
(IV) Has the Company implemented effective accounting and internal control systems to maintain business integrity? Do internal or external auditors review these systems on a regular basis?	v		(IV) The Company pays attention to ensuring the correctness and completeness of the financial reporting process and control. The internal audit is conducted based on the annual audit plan	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation and Causes of Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary	
			drawn up by the risk assessment results, and an audit report is prepared and submitted to the Board of Directors.	
(V) Does the Company conduct internal and external ethical training programs on a regular basis?		v	(V) The Company does not regularly organize “ethical corporate management” training, but it will occasionally promote the importance of ethics in meetings.	Inconsistent yet.
III. Implementation of whistle-blowing system (I) Does the Company provide incentives and means for Employees to report malpractice? Does the Company dedicate personnel to investigate the reported malpractice?	v		(I) The Company sets up the internal and external complaint communication channels on the website, for employees and related personnel to report and complain, and the Company's designated management will handle it in person. If the relevant code of ethical conduct is violated, a disciplinary action will be taken according to the Company’s rewards and punishments guidelines. (http://www.co-tech.com/smarteditupfiles/gauss/com_profile/225.pdf)	No deviation
(II) Has the company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?	v		(II) The Company has formulated the “Code of Ethical Conducts,” the “Ethical Corporate Management Best Practice Principles,” and the “Management Guidelines for the Prevention and Control of Sexual Harassment in the Workplace.” The Company keeps the reported matters absolutely confidential.	No deviation
(III) Does the company take measures to protect the reporter from improper treatment?	v		(III) The Company keeps the reported matters absolutely confidential and protects the informant from being improperly treated due to	No deviation

<table>
<tr><th rowspan="2">Assessment Criteria</th><th colspan="3">Actual Governance (Note 1)</th><th rowspan="2">Deviation and Causes of Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>the report.</td><td></td></tr>
<tr><td>VI. Enhanced Information Disclosure
Has the Company published information relating to the Company's “Code of Business Conduct” on its website or MOPS?</td><td>v</td><td></td><td>The relevant regulations and information of the ethical corporate management are placed on the internal website of the Company for employees to inquire any time; the “Code of Ethical Management” is also placed on the Company’s internal website to remind employees of their own conducts and ethics all the time.</td><td>No deviation</td></tr>
<tr><td colspan="5">VII. For companies who have established corporate responsibility code of conducts in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies”, please describe the current practice and any deviations from the code of conduct:
The Company has established the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conducts. All employees, managerial officers and board members comply with such regulations without deviation.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices: (e.g., amendments to the Company's corporate conduct and ethics policy).</td></tr>
</table>

Note 1: Regardless of “Yes” or “No” checked for the operation, summaries shall be provided in the column.

(VII) Methods to Inquire the Disclosure of the Company's Corporate Governance Principles, if Any:

For the information disclosure on the Company’s website, there is a “Investor Section—Corporate Governance” for inquiries and downloads of relevant regulations, important resolutions of the Board of Directors, and the Procedures for Handling Material Internal Information. The website is http://www.co-tech .com, or refer to MOPS at http://mops.twse.com.tw/- Corporate Governance.

(VIII) Other Information that Facilitates the Understanding in the Company’S Corporate Governance should be Also Disclosed: None.

(IX) Internal Control System Execution Status

1. Statement of Internal Control System

Co-Tech Development Corpation

Statement of Internal Control System

Date: January 27, 2021

Base on the findings of a self-assessment, Co-Tech Development Corporation (Co-Tech) states the following with regard to its internal control system during the year 2020:

I.Co-Tech is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of the Board and managerial officers of Co-Tech and that such a system has been implemented within Co-Tech. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance and protecting the security of assets), reliability, timeliness, transparency and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations and bylaws are achieved.

II.The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes in the environment and circumstances. However, Co-Tech internal control system has a self-supervision mechanism. Once the missing element is recognized, Co-Tech takes corrective action.

III.Co-Tech evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether or not the existing system continues to be effective. The criteria defined in "the Regulations" include five elements depending on the management control process: 1. control environment, 2.risk assessment, 3. control activities, 4. information and communication, and 5. monitoring. Each component further contains several items. Please refer to the Regulations for details.

IV. Co-Tech has adopted the said criteria to validate the effectiveness of its internal control system design and execution.

V. Based on the results of examination, Co-Tech believes that the design and implementation of its internal control system dated December 31, 2020 (including supervising and managing its subsidiaries), consisting of the effectiveness and efficiency of business operations, the preparation of reliable, timely and transparent financial statements and their compliance with the relevant rules and regulations, are effective and reasonably assure the achievement of the aforementioned goals.

VI.The Statement of Declaration will be the major contents of the annual report and prospectus of Co-Tech and to be publicly disclosed. Co-Tech shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32,171 and 174 of the Securities and Exchange Act.

VII.This statement has been passed by the Co-Tech Board of Directors' Meeting on January 27, 2021,where all the ten attending directors did not express any dissenting opinion and affirmed the content of this statement.

Raymond Soong
Chairman

Lee Shih Shen
General Manager

2. **If Cpa Was Engaged To Conduct A Special Audit Of Internal Control System, Provide Its Audit Report: None.**

(X) For The Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, Disclose any Sanctions Imposed in Accordance with the Law Upon the Company or its Internal Personnel, any Sanctions Imposed by the Company Upon its Internal Personnel for Violations of Internal Control System Provisions, Principal Deficiencies, and the State of any Efforts to Make Improvements: None.

(XI) Material Resolutions of the Shareholders' Meeting and the Board Meetings

1. Material Resolutions of Board Meetings:

April 30, 2021

Meeting	Date	Material Resolutions
8th Term 5th Meeting	2020.02.20	1. Co-Tech Development's 2019 "Internal Control System Statement," please deliberate. 2. Approvals from banks for loans, please deliberate. 3. Proposal of 2019 distributing remuneration of employees and directors, please deliberate. 4. 2019 consolidated and parent-company only financial statements, please deliberate. 5. Proposal to distribute 2019 earnings, please deliberate. 6. Proposal to issue of cash from additional paid-in capital for 2019, please deliberate. 7. The 2020 budgets, please approve. 8. The date, time, venue and subjects of convening the 2020 general shareholders' meeting, please deliberate. 9. Proposal to appoint CPAs for 2020 Q1, please discuss. 10. Proposal to merge with Essen Optics Technology, please deliberate.
8th Term 6th Meeting	2020.05.07	1. Approvals from banks for loan extensions, please deliberate. 2. The 2019 business report, please deliberate. 3. Proposal to amend part of the "Articles of Incorporation," please deliberate. 4. Proposal to authorize the Chairman to change the venue of the shareholders' meeting, please deliberate.
8th Term 7th Meeting	2020.8.06	1. Approvals from banks for loan extensions, please deliberate. 2. Appointment of the corporate governance officer, please deliberate.
8th Term 8th Meeting	2020.11.05	1. The 2021 annual audit plan, please deliberate. 2. Amendments to the "Operational Procedure for Managing Clients' Credit and Due Diligence," please deliberate. 3. Approvals from banks for loans, please deliberate.
8th Term 9th Meeting	2021.01.27	1. Co-Tech Development's 2020 "Internal Control System Statement," please deliberate. 2. Approvals from banks for loans, please deliberate. 3. Proposal of 2020 distributing remuneration of employees and directors, please deliberate. 4. 2020 consolidated and parent-company only financial statements, please deliberate. 5. Proposal to distribute 2020 earnings, please deliberate. 6. Proposal to issue of cash from additional paid-in capital for 2020, please deliberate. 7. The 2021 budgets, please approve. 8. The date, time, venue and subjects of convening the 2021 general shareholders' meeting, please deliberate. 9. Plan to construct the Production Base III with annual capacity of 10,800 tons, please discuss and vote.

2. Material Resolutions of the 2020 Shareholders' Meeting.

The Company held the 2020 general shareholders' meeting on June 10, 2020, at the International Convention Center, LITE-ON Technology Building, Ground floor, No. 392, Rui-Guang Rd., Neihu District, Taipei City. The material resolutions and implementations are as following:

Item	Material resolutions	Implementation
1	Ratification of the 2019 business report and financial statements:	The favorite votes exceed the statutory quorum, and the proposal was approved as it was.
2	Ratification of 2019 profit distribution:	The favorite votes exceed the statutory quorum, and the proposal was approved as it was. Implementation: The distribution base date was determined as July 6, 2020, and the distribution date was July 31, 2020. The distribution was NT$1.38 per share in cash (i.e. NT$1.38 was distributed from EPS)
3	Discuss 2019 issuance of cash from additional paid-in capital:	The favorite votes exceed the statutory quorum, and the proposal was approved as it was. Implementation: The distribution base date was determined as July 6, 2020, and the distribution date was July 31, 2020. The distribution was NT$0.62 per share in cash (i.e. NT$0.62 was distributed per share)
4	Proposal to amend part of the "Articles of Incorporation"	The favorite votes exceed the statutory quorum, and the proposal was approved as it was. Implementation: The registration was approved by MOEA on August 5, 2020.

(XII) Where, During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, a Director or Supervisor has Expressed a Dissenting Opinion with Respect to a Material Resolution Passed by the Board of Directors, and said Dissenting Opinion has been Recorded or Prepared as a Written Declaration, Disclose the Principal Content there of: None.

(XIII) Summary of Resignations and Dismissals, During the Last Fiscal Year and as of the Printing Date of the Annual Report, of the Company's Chairman, President, Accounting Officer, Financial Officer, Internal Audit Officer, and R&D Officer:

Aggregated Table for the Resignation/Discharge of the Related Personnel

April 30, 2021

Position	Name	Date of inauguration	Date of discharge	Reason of resignation or discharge
Chief of Finance Division	Li, Hsun-Neng	2019.08.09	2021.04.30	Resigned

Note: The "related personnel" refer to the Chairman, President, accounting officer, financial officer, internal audit officer, corporate governance officer and R&D officer.

IV. Information of CPAs' Professional Service Fees

Scale Table of CPAs' Professional Service Fees (Please check the applicable scale or fill in the amount)

Name of Accounting Firm	Name of CPA		Audit Period	Remark
Deloitte Taiwan	Chang, Chin-Fu	Chao, Yung-Hsiang	January 1, 2020 to December 31	

Note: During the year, if the accounting firm or any CPA is replaced, the audit periods shall be listed respectively, and indicate the reason of replacement in the remark.

Unit: NT$ thousand

Amount scale \ Service fee item		Audit fee	Non-audit fee	Total
1	Below NT$2,000,000		v	
2	NT$2,000 thousand (including) to NT$4,000 thousand	v		v
3	NT$4,000 thousand (including) to NT$6,000 thousand			
4	NT$6,000 thousand (including) to NT$8,000 thousand			
5	NT$8,000 thousand (including) to NT$10,000 thousand			
6	More than NTS$10,000 thousand (including)			

Unit: NT$ thousand

Name of Accounting Firm	Name of CPA		Audit fee	Non-audit fee					Audit period by CPAs	Remark
				System design	Business registration	Human resource	Others (Note 2)	Subtotal		
Deloitte Taiwan	Chang, Chin-Fu	Chao, Yung-Hsiang	2,800	0	12	0	520	532	January 1, 2020 to December 31	Other non-audit fees included mainly the audit of travel expenses, typing and printing, seal certificates, and service fee for merger.

Note 1: During the year, if the accounting firm or any CPA is replaced, the audit periods shall be listed respectively, and indicate the reason of replacement in the remark. The paid audit and non-audit fee shall be disclosed by orders.

Note 2: Please list the non-audit fees separately by the service item; if the non-audit fees under “Others” is 25% or more for the non-audit fees, the services shall be listed in the remarks.

(I) When Non-Audit Fees Paid to the Cpas, to the Accounting Firm of the Cpas, and/ or to any Affiliated Enterprise of Such Accounting Firm are One Quarter or More of the Audit Fees Paid Thereto, the Amounts of Both Audit and Non-Audit Fees as well as Details of Non-Audit Services Shall be Disclosed: None.

(II) When the Company Changes its Accounting Firm and the Audit Fees Paid for the Fiscal Year in which such Change Took Place are Lower than those for the Previous Fiscal Year, the amounts of the Audit Fees Before and after the Change and the Reasons Shall be Disclosed: None.

(III) When the Audit Fees Paid for the Current Fiscal Year are Lower than those for the Previous Fiscal Year by 10 Percent or more, the Reduction in the amount of Audit Fees, Reduction Percentage, and Reason(S) therefor Shall be Disclosed: None.

V. CPA Replacement Information (the most recent two years)

(I) Regarding the Former CPAs:

<table>
<tr><td>Date of replacement</td><td colspan="4">1. November 7, 2019
2. February 20, 2020</td></tr>
<tr><td>Reason for replacement and description</td><td colspan="4">1. Due to the internal adjustments of Deloitte Taiwan, from 2019 Q4, the CPAs, Tsai, Cheng-Fu and Chiu, Meng-Jie were replaced by Chang, Chin-Fu and Cheng, Chin-Tsung.
2. Due to the internal adjustments of Deloitte Taiwan, from 2020 Q1, the CPAs, Chang, Chin-Fu and Cheng, Chin-Tsung, were replaced by Chang, Chin-Fu and Chao, Yung-Hsiang.</td></tr>
<tr><td rowspan="3">Specify whether it was the CPA ending the engagement or declining further engagement, or the Company terminating or discontinuing the engagement.</td><td colspan="2">The CPA / Situation</td><td>Certified Public Accountant</td><td>The Company</td></tr>
<tr><td colspan="2">Voluntarily terminated the engagement.</td><td>V</td><td></td></tr>
<tr><td colspan="2">Declined (discontinue) the engagement</td><td></td><td></td></tr>
<tr><td>The Opinions other than unmodified Opinion issued in the last two years and the reasons for the said opinions</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Is there any disagreement in opinion with the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
</table>

Supplementary Disclosure (Disclosures Specified in Article 10.5.1.4 of the Regulations)	None

(II) Regarding the Successor CPAs

Name of Accounting Firm	Deloitte Taiwan
Name of CPA	Chang, Chin-Fu, CPA Chao, Yung-Hsiang, CPA
Date of Engagement	February 20, 2020
Prior to the engagement, any inquiry or consultation on the accounting treatment or accounting principles for specific transactions, and the type of audit opinion that might be rendered on the financial report.	None
Written opinions from the successor CPAs that are different from the former CPA's opinion	None

(III) The Reply of the Former CPAs Regarding Article 10, Paragraph 10, Subparagraph 5 Item 1 and 2-3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

VI. Where the Company's Chairperson, President, or any Managerial Officer in charge of Finance or Accounting Matters has in the most Recent year held a Position at the Accounting Firm of its CPAs or at an Affiliated Enterprise of such Accounting Firm: None.

VII. In Most Recent Year and as of the end of this Annual Report is Printed out, the Directors, Supervisors, Managers and Shareholders Holding more than 10% of the Equity Transfer and Equity Pledge Changes:

(I) Changes in Shareholdings of Directors, Supervisors, Managers and Major Shareholders:

Title (Note 1)	Name	2020		Current year as of April 30, 2021	
		Number of shares held Increased (decreased)	Pledged shares Increased (decreased)	Number of shares held Increased (decreased)	Pledged shares Increased (decreased)
Chairman	Dasong Investment Co.,Ltd. Representative: Raymond Soong	0 0	0 0	0 0	0 0
Director	Hua Eng Wire & Cable Co.,Ltd. Representative: Lin Ming Hsiang	0 0	0 0	0 0	0 0
Director	Kwong Lung Enterprise Co.,Ltd. Representative: Chan Chi-Che	700,000 0	0 0	0 0	0 0
Director	Soong Ming-Feng	0	0	0	0
Director	Yu, Ming-Chang	0	0	0	0
Director	Tsai Hsung-Hsiung	0	0	0	0
Chairman and President	Lee Shih Shen	0	0	99,000	0
Independent director	Sun Chin-Su	0	0	0	0
Independent director	George Chen	0	0	(73,051)	0
Independent director	Hsieh Fa-Jung	0	0	0	0
Special Assistant to President	Ting, Tai-Chuan	0	0	0	0
Chief of Technology Division	Sung, Yun-Hsing	0	0	0	0

Title (Note 1)	Name	2020		Current year as of April 30, 2021	
		Number of shares held Increased (decreased)	Pledged shares Increased (decreased)	Number of shares held Increased (decreased)	Pledged shares Increased (decreased)
Marketing Director	Yang, Cheng-Ping	0	0	0	0
Chief of Project Division	Lai, Hsin-Chung	0	0	0	0
Chief of Quality Assurance Division	Hsieh, Ming-Hsien	0	0	0	0
Plant Chief	Lu, An-Chuan	0	0	0	0
Plant Chief	Lin, Yen-Tsung	0	0	0	0
Plant Chief	Chen, Chu-Yi (Date of retirement: April 1, 2020)	0	0	0	0
Chief of Finance Division	Li, Hsun-Neng (Date of discharge: April 30, 2021)	0	0	0	0

Note 1: Shareholders with 10% or more of the total shares of the Company shall be indicated as the major shareholders, and listed separately.

Note 2: In case the counterparts of the share transfer or pledge are related parties, the information of share transfer shall be filled in.

(II) Information of Share Transfer: None.

Name (Note 1)	Reason of transfer (Note 2)	Date of transaction	Counterpart(s) of the transaction	Relationships between the counterparts and the Company, directors, supervisors, managerial officers, and shareholders with 10% or more shareholdings:	Shares	Transaction price

Note 1: Indicate the names of directors, supervisors, managerial officers, and shareholders with 10% or more shareholdings.
Note 2: Indicate it is acquisition or disposal.

(III) Information of Equity Pledge: None.

Name (Note 1)	Reason of pledge change (Note 2)	Change Date	Counterpart(s) of the transaction	Relationships between the counterparts and the Company, directors, supervisors, managerial officers, and shareholders with 10% or more shareholdings:	Shares	Percentage of shareholdings	Percentage of pledge	Pledge (redemption) amount

Note 1: Indicate the names of directors, supervisors, managerial officers, and shareholders with 10% or more shareholdings.
Note 2: Indicate it is pledge or redemption.

VIII. Relationships of the Top Ten Shareholders who have a Relationship with each other or are Relatives of a Spouse or a Second Degree Kinship

Unit: shares; % April 30, 2021

Name (Note 1)	Shares hold by one's self		Shares held by spouse and children of minor age		Shares held by assuming the name of others		Names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second degree kinship. (Note 3)		Remarks
	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Name	Relationship	
Raymond Soong	13,812,998	5.47%	0	0.00%	0	0.00%	Dasong Investment Co.,Ltd.	Director	
Dasong Investment Co.,Ltd.	12,497,270	4.95%	0	0.00%	0	0.00%	Raymond Soong	Director	
Representative: Raymond Soong	13,812,998	5.47%	0	0.00%	0	0.00%	Dasong Investment Co.,Ltd.	Director	
Hua Eng Wire & Cable Co.,Ltd.	7,812,375	3.09%	0	0.00%	0	0.00%	None	None	
Representative: Lin Ming Hsiang	0	0.00%	0	0.00%	0	0.00%			
Public Service Pension Fund Management Board	6,259,000	2.48%	0	0.00%	0	0.00%	None	None	No representative is appointed by this institutional shareholders.
Taiwan Fire & Marine Insurance Co., Ltd.	5,892,000	2.33%	0	0.00%	0	0.00%	None	None	No representative is appointed by this institutional shareholders.
Special account of Fuh Hwa Small Capital Fund	5,796,000	2.29%	0	0.00%	0	0.00%	None	None	No representative is appointed by this institutional shareholders.
Special account of Allianz Global Investors Taiwan Fund	5,746,000	2.27%	0	0.00%	0	0.00%	None	None	No representative is appointed by this institutional shareholders.
Special account of Allianz Global Investors Taiwan Technology Fund	5,141,000	2.04%	0	0.00%	0	0.00%	None	None	No representative is appointed by this institutional shareholders.
Kwong Lung Enterprise Co.,Ltd.	5,000,000	1.98%	0	0.00%	0	0.00%	None	None	
Representative: Chan Chi-Che	696,000	0.28%	0	0.00%	0	0.00%			

Name (Note 1)	Shares hold by one's self		Shares held by spouse and children of minor age		Shares held by assuming the name of others		Names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second degree kinship. (Note 3)		Remarks
	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Name	Relationship	
Special account of Fuh Hwa Taiwan Good Income Fund	4,871,000	1.93%	0	0.00%	0	0.00%	None	None	No representative is appointed by this institutional shareholders.

Note 1: All the top ten shareholders should be listed. Those who are legal person shareholders should list the name of the legal person shareholder and the name of the representative separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, the spouse, the minor child or the use of another person.

Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. The Number of Shares Held by the Company, the Company's Directors, Supervisors, Managers and the Company Directly or Indirectly Controlled by the Company in the same Investment Business, and Combined to Calculate the total Shareholding Percentage

Unit: thousand shares; % April 30, 2021

Re-investment business (Note)	Investment by the Company		Directors, supervisors, managerial officers and investments directly or indirectly controlling the business		Total investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
CO-TECH COPPER FOIL(BVI) Inc.	3,500	100%	0	0%	3,500	100%
Jinqianbo	-	100%	-	0%	-	100%

Note: It is a long-term investments accounted for using equity method by the Company.

Four. Capital Overview
I. Capital and Shares
(I) Source of Share Capital

Unit: shares; NT$ April 30, 2021

Month/ Year	Issuance Price	Approved share capital		Paid-in share capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Shares paid with properties other than cash	Others
1998.05	10	200,000,000	2,000,000,000	100,000,000	1,000,000,000	Establish ment	None	Note 6
2002.03	30			54,000,000	540,000,000	Increased in cash	None	Note 7
2003.09	10			30,000,000	300,000,000	Increased in cash	None	Note 8
2005.12	9			16,000,000	160,000,000	Increased in cash	None	Note 9
2006.07	10	300,000,000	3,000,000,000	0	0	None	None	Note 10
2010.10	21			11,700,000	117,000,000	Increased in cash	None	Note11
2015.3	-			Cancellation of treasury shares for 1,112,000 shares	Cancellation of treasury shares for 11,120,000 shares	Capital decrease	None	Note12
2017.10	47.8			42,000,000	420,000,000	Increased in cash	None	Note13

Note 1: The information up to the publication date of the annual report of the year shall be filled in.
Note 2: For the capital increase, the effective (approval) date the document number shall be indicated.
Note 3: In case the shares were issued with discounted face value, the indication shall be eye-catching.
Note 4: If shares were paid with monetary credit or technologies, such payment shall be specified with the type of payment and amount.
Note 5: In case of private placement, the indication shall be eye-catching.
Note 6: Date and document No. of approval: Jing-87-Shang No.110958, dated May 22, 1998.
Note 7: Date and document No. of registration change: Jing (090) Shang No.090011061770, dated March 30, 2011.
Note 8: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.09201272330, dated September 19, 2003.
Note 9: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.09401255400, dated December 14, 2005, with the discounted issuance price for NT$9 per share.
Note 10: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.09501140400, dated July 6, 2006.
Note 11: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.09901225860, dated October 8, 2010.
Note 12: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.0401042410, dated March 11, 2015.
Note 13: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.10601141120, dated October 5, 2017.

Unit: shares; April 30, 2021

Share types	Approved share capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	252,588,000	47,412,000	300,000,000	TPEx-listed shares

Note: Please indicate the shares are listed in TWSE or TPEx (if the trading in TWSE or TPEx is restricted, please indicated).

Information regarding shelf registration

Type of negotiable securities	Amount expected to issue		Issued amount		The purpose and expected effect of the issued part	The expected issuance period of the unissued part	Remark
	Total shares	Approved amount	Shares	Price			
None	0	0	0	0	0	0	0

(II) Shareholder Structure

April 30, 2021

Shareholder structure / Quantity	Governmental agencies	Financial institutions	Other institutions	Individual	Foreign institutions or foreigners	Total
Number of shareholders	0	14	252	29,707	63	30,036
Shares held	0	12,189,000	112,540,126	112,521,501	15,337,373	252,588,000 shares
Shareholding percentage	0.00%	4.83%	44.55%	44.55%	6.07%	100.00%

Note: Primary exchange (or OTC) listed companies shall and emerging companies shall disclose the shareholdings by Mainland Area enterprises; “Mainland Area enterprises” means person, a juristic person, group, or other institution of the Mainland Area, or a company in which the same have invested in a third jurisdiction in accordance with Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

(III) Diffusion of Wwnership

Common shares

April 30, 2021

Shareholding tiers	Number of shareholders	Number of shares held	Shareholding percentage %
1-999	10,567	389,855	0.15%
1,000-5,000	16,499	30,335,721	12.00%
5,001-10,000	1,548	12,649,411	5.01%
10,001-15,000	424	5,470,260	2.17%
15,001-20,000	282	5,319,721	2.11%
20,001-30,000	199	5,120,485	2.03%
30,001-40,000	116	4,163,835	1.65%
40,001-50,000	62	2,944,715	1.17%
50,001-100,000	139	9,989,334	3.95%
100,001-200,000	86	12,719,104	5.03%
200,001-400,000	38	11,104,592	4.40%
400,001-600,000	17	8,305,058	3.29%
600,001-800,000	16	11,129,763	4.41%
800,001-1,000,000	5	4,306,837	1.71%
1,000,001 股以上	38	128,639,309	50.92%
合計	30,036	252,588,000	100.00%

Preferred shares

April 30, 2021

Shareholding tiers	Number of shareholders	Number of shares held	Percentage of shareholding
-	-	0	0%

(VI) List of Major Shareholders: List all Shareholders with a Stake of 5 Percent or Greater, and if those are Fewer than 10 Shareholders, also list all Shareholders who Rank in the Top 10 in Shareholding Percentage

April 30, 2021

Name of major shareholder \ Shares	Shares held	Shareholding percentage
Raymond Soong	13,812,998	5.47%
Dasong Investment Co., Ltd.	12,497,270	4.95%
Hua Eng Wire & Cable Co.,Ltd.	7,812,375	3.09%
Public Service Pension Fund Management Board	6,259,000	2.48%
Taiwan Fire & Marine Insurance Co., Ltd.	5,892,000	2.33%
Special account of Fuh Hwa Small Capital Fund	5,796,000	2.29%
Special account of Allianz Global Investors Taiwan Fund	5,746,000	2.27%
Special account of Allianz Global Investors Taiwan Technology Fund	5,141,000	2.04%
Kwong Lung Enterprise Co.,Ltd.	5,000,000	1.98%
Special account of Fuh Hwa Taiwan Good Income Fund	4,871,000	1.93%

(V) Share Prices for the Past 2 Fiscal Years, together with the Company's Net Worth Per Share, Earnings Per Share, Dividends Per Share, and Related Information

Unit: thousand shares; NT$

Item \ Year			2019	2020	Current year as of March 31, 2021 (Note 8)
Market price per share (Note 1)	Highest		48.65	56.5	75.8
	Lowest		25.95	26.45	46.9
	Average		40.78	42.87	60.23
Net worth per share (Note 2)	Before distribution		20.29	20.41	21.34
	After distribution		18.29	(Note 9)	(Note 10)
Earnings per Share	Weighted average amount of shares		252,588	252,588	252,588
	Earnings per share (Note 3)		1.57	2.14	0.92
Dividends per share	Cash dividends		1.38	(Note 9)	(Note 10)
	Bonus share	Shares from earnings	0	(Note 9)	(Note 10)
		Shares from capital reserve	0.62	(Note 9)	(Note 10)
	Accumulated unpaid dividends (Note 4)		0	0	0
Analysis of ROI	Price earnings ratios (Note 5)		22.89	18.54	(Note 10)
	Price to dividend ratio (Note 6)		26.04	(Note 9)	(Note 10)
	Dividend Yield (Note 7)		0.04	(Note 9)	(Note 10)

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Setting forth the highest and lowest market price per share of common stock for each fiscal year. And calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.
Note 2: Based on the issued shares at the end of the year, setting forth the distribution resolved by the AGM in the next year.
Note 3: In case retrospective adjustment is required do to bonus shares, the EPS before and after adjustment shall be set forth.
Note 4: In the issuance conditions, if it is specified that the undistributed dividends of the year may be accumulated until being distributed in the year with earning, the accumulated unpaid dividends shall be disclosed respectively.
Note 5: Price earnings ratios= Average closing price per share of the year/ EPS
Note 6: Price dividend ratios= Average closing price per share of the year/ cash dividend per share
Note 7: Cash dividend yield= Cash dividend per share/average closing price per share of the year
Note 8: For the net worth per share and EPS, the latest information audited (reviewed) by the CPAs shall be filled in; other columns shall be filled in with the current year information up to the publication date of the annual report.
Note 9: The distribution of earnings for 2020 has not been resolved by the shareholders' meeting.
Note 10: The 2021 Q1 financial statements are prepared pursuant to IFRSs and the distribution of earnings has not been resolved by the shareholders' meeting.

(VI) Company's Dividend Policy and Implementation thereof

1. Dividend Policy

If there is any after-tax profit in the Company's annual financial statements, the Company shall first make up for the accumulated deficit (including adjustment of undistributed earnings) and then set aside 10% as legal reserve, but if the legal reserve has reached the Company's paid-in capital, it may not be set aside, and the remainder shall be set aside or reversed to special reserve as required by law or the competent authorities' requirements. If there is any unappropriated earnings remaining (including adjustments to the unappropriated earnings), the board of directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is in line with its current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders, etc. The dividend policy will be determined annually based on capital requirements and the degree of dilution of earnings per share. Dividends are paid in the form of stock dividends or cash dividends; dividends to shareholders may be paid in cash or in stock, with cash dividends being no less than 10% of the total dividends.

If the Company has no distributable earnings for the current year, or if the amount of distributable earnings is significantly less than the actual earnings distributed in the previous year, or if the Company considers the financial, business and operational factors, the Company may distribute all or part of the earnings as required by law or by the competent authority.

2. Dividend Distribution to be Proposed to the Shareholders' Meeting

The Company's earnings distribution was approved by the Board of Directors on January 27, 2021. It is proposed to distribute a cash dividend of NT$2 per share (earnings distribution of NT$1.91 per share and NT$0.09 per share from the capital reserve). If any subsequent changes in common shares affects the number of outstanding shares, and the shareholder's dividend rate is consequently changed, the Company plans to request the shareholders' meeting to authorize the Chairman to adjust pursuant to laws.

3. Expected Significant Changes to Dividend Policy and Explanation: None.

(VII) Impact of Proposed Bonus Shares on Operating Performance and EPS

The expected proposal of earning distribution to the shareholders' meeting only make the distributions in cash and no bonus share is involved. Pursuant to the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company is not required to disclose the financial forecast for 2021. Therefore the information related to effects on the business performance, EPS and shareholders' ROI is not applicable.

(VIII) Compensation of Employees and Directors

1. The Percentages or Ranges with Respect to Employees and Directors' Compensation, as Set Forth in the Company's Articles of Incorporation.

Pursuant to Article 29 of the Articles of Incorporation, the Company shall set aside 1% or more of its annual profit (profit means the pre-tax earnings prior to distribution of employee remuneration and director's remuneration) as employee compensation, which shall be distributed in stock or cash by resolution of the Board of Directors. The target recipients may include employees of control and subordinate companies who meet certain criteria, and the conditions and distribution method are authorized to be determined by the Board of Directors. The Company may allocate up to 3% of the above-mentioned profits to the remuneration of directors by resolution of the Board of Directors, and the remuneration of directors may only be paid in cash. However, if the Company still has accumulated deficit (including the amount of adjustment of undistributed earnings), the amount of compensation should be reserved in advance, and then employees' remuneration and directors' remuneration should be appropriated in proportion to the aforementioned amount.

The scope of the employees listed in the preceding paragraph shall be subject to the regulations of the securities authority.

2. The Basis for Estimating the Amount of Employees, Directors, and Supervisors' Compensation, for Calculating the Number of Shares to be Distributed as Employee Compensation, and the Accounting Treatment of the Discrepancy, if any, between the Actual Distributed Amount and the Estimated Figure, for the Current Period.

(1) The basis of estimated amount of the employees' and directors' compensations for the period: The Company estimated 1.5% and 1% of the net profit before tax and deducting employees' and directors' compensations, for the employees' and directors' compensations, respectively.

(2) The basis of shares to be distributed as employees' compensation: all employees' compensation for the period is distributed in cash.

(3) If there is any discrepancy between that amount and the estimated figure, the accounting treatment: after the release date of the annual consolidated financial reports, if any change to the amount, it is treated as the accounting estimation changes, and the adjustment will be accounted in the next year.

3. Information on any Approval by the Board of Directors of Distribution of Compensation:

(1) The 2020 employees' and directors' compensations were resolved by the Board of Directors on January 27, 2021. The employees' compensation is NT$10,336 thousand, and directors' compensation is NT$6,891 thousand. The amount of employees' and directors' compensations approved by the Board of Directors are identical to the estimations in the 2020 financial reports.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: not applicable.

4. The Actual Distribution of Employee, Director, and Supervisor Compensation for the Previous Fiscal Year:

Item (Unit: NT$ thousand)	The Board of Directors' Resolution (February 20, 2020)	Actual Distribution (Note)
Directors' remuneration (in cash)	4,736	4,736
Employees' remuneration (in cash)	7,103	7,103
Total	11,839	11,839

Note: The aforesaid directors and employees' compensations were accounted as expenses in 2019; the accounted amount was identical to the amount resolved in the board meeting on February 20, 2020.

(IX) Status of a Company Repurchasing its Own Shares: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depository Receipts: None.

V. Issuance of Employee Share Subscription Warrants and New Restricted Employee Shares: None.

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VII. Implementation of the Company's Capital Allocation Plans: None.

Five. Operational Highlights

I. Description of the Business

(I) Scope of Business

1.The Company's Major Lines of Business and the Relative Weight of Each:

Names of Products	Weight of Business
Electrolytic Copper Foil (below 18um, including 18um)	55%
Electrolytic Copper Foil (over 35um, including 35um)	45%

2.Current Products:

(1) High frequency and high speed copper foils specific to RG series 3S (Server/Storage/Switch) with the thickness of 12μ~70μ.

(2) Ultra-low ridge VL/VG series high-speed electrolytic copper foil with the thickness of 12μ~35μ.

(3) RF/VF/LH series copper foils specific to high-frequency materials with the thickness of 12μ~70μ.

(4) Low-ridge FC/FL series flexible board electrolytic copper foil with the thickness of 9μ~70μ.

(5) Inverted low-ridge RV series flexible board electrolytic copper foil with the thickness of 9μ~70μ.

(6) Reversal treated RT series high-frequency and high-speed electrolytic copper foil with the thickness of 9μ~70μ

(7) Low-ridge LP310 series arsenic-free electrolytic copper foil with the thickness of 12μ~140μ.

(8) Low-ridge LP410 series arsenic-free electrolytic copper foil with the thickness of 12μ~35μ.

(II) Overview of the Industry

1. The Current Status and Development of the Industry

Printed circuit boards are the main parts of various information electronics, communications, consumer electronics, automotive electronics, industrial control and other industries. In recent years, due to the rise of multimedia and the integration of 3C (computers, communications and consumer electronics), global electronic products continue to introduce new products to replace the old ones, and thus drives the future growth. Currently, there is no substitute product for printed circuit boards, and the global demand for printed circuit boards is increasing day by day. As the demand for high-end products for printed circuit boards has been increasing, the specifications and quality requirements for copper foil have also increased significantly.

From 2016, Co-Tech has been positioned to become a manufacturer and service provider of optimized application of copper foil. It has changed to the "boutique niche market strategy" and focused on the high-end product market, such as high-frequency, high-speed, flexible boards, automotive electronics, and thin copper for HDI, by developing products in response to customer needs. After more than two years of hard work, Co-Tech's high-frequency and high-speed copper foil successfully passed the certification of major end brand manufacturers, and OEM and ODM manufacturers in 2019. Introductions started in the second half of 2020 and products will be gradually mass-produced.

As 5G applications and technologies will accompany data computing and storage requirements. The use of data has shifted from emphasizing scale to emphasizing low latency and high immediacy. With the rise of edge computing and the high cost of 5G spectrum, edge computing among telecom operators has replaced traditional network equipment and has become the entry point of the server supply chain. The growth of new cloud services will require a large amount of data processing with in related AI, 5G network applications, IOT edge computing technology upgrades, and as AR/VR, robots, self-driving cars, and smart home emerging terminal devices increase. These prospects will drive the growth of the demand for base station antenna design, netcom equipment, data centers and servers and then drive the 5G smartphone industry. Due to the current skin effect, the transmission of high-frequency or high-speed signals will be more concentrated on the surface of the wire. The Company has developed its own advanced reversal copper foil (Advanced RTF, RG series); aside from being cost-effective, it improves the electric functions of copper foils, complementing each other with copper foil substrate factories, to achieve high-speed effects for customers; and the Company has successively and continuously completed the development of high-frequency and high-speed transmission copper foil products with low signal transmission loss, ultra-low coarseness and high tear resistance. In response to the increasing demand for flexible boards for compact electronic products, the Company completed the development of copper foil for flexible copper clad laminate (FCCL), and improved the Company's competitiveness and profitability by optimizing the product portfolio.

Since Co-Tech’s monthly capacity of 1,800 tons is fully loaded and is optimistic about the future 5G market demand, Co-Tech has started to expand production in early 2021. It is expected to invest about NT$4 billion to build a new plant in Yunlin Industrial Park in two years. The new plant is expected to be complete in 2023. After the expansion, the capacity will increase by 900 to 950 tons per month, and the annual capacity will reach 33,000 tons.

2. Links Between the Upstream, Midstream, and Downstream Segments of the Industry Supply Chain:

Upstream Segment	Fiberglass, epoxy resin, copper foil, fiberglass cloth, and PI.
Midstream Segment	Copper foil substrate, printed circuit board, FCCL, FPCB, BGA carrier board, TAB, and COF
Downstream Segment	AIoT, cloud, 5G communication, automotive, medical, wearable, home appliances, and computers

3. Various Development Trends of Products:

Copper foil products are mainly supplied to:

A. 3S (Server/Storage/Switch) high frequency and high speed copper foil.
B. Advanced driver assistance systems (ADAS).
C. High-speed copper foil for 5G communication.
D. Microwave communication.
E. Copper foil for flexible boards.
F. Copper foil for high-density connection printed circuit (HDI).
G. Copper foil for LED backlight heat sink.
H. Copper foil for TAB and COF (chip on film) high-end soft boards.
I. Copper foil for solar battery backplane.
J. Copper foil for epoxy resin substrate.
K. Copper foil for back adhesive of paper substrate.

4. Competition for Products:

With the increasing market demand for emerging application products, such as unmanned vehicles, VR/AR devices, smart speakers, automotive components, car-loaded computers and automotive devices, and the diversified application potential brought by breakthroughs in 5G and AI technologies, the demand for copper foils will be boosted.

As 5G has the characteristics of ultra-high communication speed, high deployment density, and low-delay time, the area of printed circuit boards is enlarged, the number of stacked layers increases, and the demand for high-speed copper foil increases. Co-Tech actively deploys high-frequency and high-speed materials such as servers, and new applications such as 5G, and has successfully passed the certifications of many international manufacturers. It is hoped that the benefits of the Company's R&D positioning for copper foils in high-frequency and high-speed transmission and server materials will gradually emerge, adding momentum to operations.

(III) Overview of Technologies and R&D

Co-Tech expects to become the “optimized application of copper foil manufacturing and service provider,” and is committed to the development of high-value-added products such as high-frequency, high-speed, microwave communications, and thick copper/thin copper, to meet the needs of end customers and provide customization services and products.

In order to get rid of the Red Sea battle zone of the copper foil industry, and jump out of mass production in the past, the Company positions toward the markets for high-end products such as high-frequency, high-speed, automobiles, and automotive electronics. For the new product development, in 2017, the “5G industry high-value materials- ultra-low coarseness copper foil specific to high-frequency” passed the MOEA's Technical Research and Development Project under the Taiwan Industry Innovation Platform Program, affirming this technology.

1. Technologies and Products Developed or Under Development:

(1) Copper foil for high frequency PTFE material (RF/VF series).

(2) Copper foil for Hydrocarbon material (LH series).

(3) New product of advanced reversal foil for the 3S (Server/Storage/Switch)

Advanced RTF grade (RG series).

(4) Flexible board MPI copper foil FL/RL series applied to 5G, and LCP flexible board copper foil FL series.

(5) General flexible board copper foil RV/FL series and copper foils for wireless charging (RC series).

(6) The arsenic-free coarsening treatment technology, meeting the requirements of the environmentally friendly arsenic-free process.

2. The Technical Direction Continues to Optimize and Reduces the Cost of Products with Market Potential:

(1) The VF series of high-frequency communication copper foil continues to be optimized.

(2) Continuous optimization of copper foil (FL series) for high-frequency LCP materials.

(3) The second-generation advanced reverse foil specific to ultra-low loss/ low loss prepreg, Advanced RTF (RG series), continues to be optimized.

(4) The third-generation VL series (Rz<1.0um) specific to ultra-low loss/low loss prepreg continues to be optimized.

(5) Improve the yield of copper foil specific to low loss prepreg, VL series (Rz<2.0um) and the flexible board RV series, to reduce costs.

(6) Optimize the process formula, improve product quality and reduce costs.

In terms of environmental protection issues, in recent years, in addition to focusing on process improvement and equipment improvement for better product yield and quality, the Company has also fully introduced arsenic-free manufacturing processes in response to green manufacturing processes as the contributions to the global environment.

The Company belongs to the copper foil industry; in addition to formula technology, the Company also has plant pipeline system design and operation technology for smooth mass production of new products and stable quality. Therefore, a technical threshold is formed for the manufacturing process. Comparing to the formula, the ability of mass production and launch products to the market is actually more critical.

3.R&D Expenditures During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Publication Date of the Annual Report:

The research and development expenses for 2020 were NT$66,687 thousand; the research and development expenses as of ended March 31, 2021 were NT$14,327 thousand.

(IV) Long-term and Short-term Operation Plans

1. Short-term Plan:

Continue to deepen the cooperative relationship with existing customers, optimize the product portfolio, and cooperate with strategic customers to develop new high-frequency and high-speed products, to achieve early dominance in the market and increase a win-win situation.

2. Long-term Plan:

(1) Co-Tech has started to expand production in early 2021. It is expected to invest about NT$4 billion to build a new plant in Yunlin Industrial Park in two years. The new plant is expected to be complete in 2023. After the expansion, the capacity will increase by 900 to 950 tons per month, and the annual capacity will reach 33,000 tons.

(2) Establish strategic alliances with major customers, to stabilize the source of orders, and strengthen competitiveness. Meanwhile, it actively maintains a good interactive relationship with end customers and promotes the new materials developed by the Company from the front end to gain market opportunities.

(3) Strengthen the recruitment and training of talents, create efficient and cross-functional teams, and expect the Company as the optimized applied copper foil manufacturing and service provider, fully demonstrating the spirit of craftsmanship, and maximizing the overall benefits.

II. Market and Sales Overview

(I) Market Analysis

1. Geographic Areas where the Main Products (Services) Sold and Market Shares:

The Company's products are mainly sold in Taiwan and Asia. In response to market changes, the Company strategically adjusted its customer portfolio and the proportion of shipments to stably supply the top three domestic copper foil substrate manufacturers and multilayer printed circuit board manufacturers. Affected by the US-China trade war, some customer orders have returned to Taiwan. Currently, the Company's domestic sales in Taiwan account for about 15%, and the export sales to China, Japan, South Korea, Southeast Asia, and Europe and the United States is totaled about 85%.

The Company's annual capacity in 2020 was 21,600 tons. During the same period, the global annual effective capacity of electrolytic copper foil for PCBs was approximately 540,000 tons. The Company's share in the global capacity of electrolytic copper foil for PCBs was accounted for approximately 4%.

2. The Demand and Supply Conditions for the Market in the Future, the Market's Growth Potential:

In response to the needs of terminal applications such as automotive, microwave communications, 5G mobile networks, cloud data, and wireless networks, the high-frequency and high-speed development is required. The circuit boards that play the role of load components, power supplies, signal transmission, and heat dissipation must reach high-frequency and high-speed Therefore, it is necessary to cooperate with the development of high-frequency materials with “ultra-low roughness copper foil technology”.
Co-Tech actively positions for the high-frequency and high-speed materials such as servers, and has successfully passed the certification of major international manufacturers. Benefitted from the increasing demands to 5G base stations, cloud products (servers, data storage, and network switches), Internet of Vehicles, Internet of Things, and smart families, the effects of Co-Tech's positioning in high-frequency and high-speed areas will continue to emerge.

3. The Company's Competitive Niche, Positive and Negative Factors for Future Development, and the Company's Response to Such Factors.

(1) Competitive niches and future development:

A. Product portfolio

(A) Provide a full range of products including Low Profile, Reversal, HVLP and special specifications 9μm, 15μm, 22μm, and 30μm.

(B) The output ratio of the Company's high-end thin copper foil products (55:45) is better than that of the peers (30:70), effectively creating greater profits.

B. Leading technology

(A) The copper foil application technology for high-frequency communication products leads the industry.

(B) The plants are equipped with continuous experiment machines to control the research and development of technology.

(C) The future development of new products will focus on the third-generation RG series and HVLP3 ultra-high-frequency and high-speed Low Dk/Df series copper foils.

C. Cost control

The water recycling achieves more than 90%, with plating solution regeneration, waste copper foil recycling, and automatic production equipment.

D. Management aspect

Possess the practical experience in the production management of the petrochemical electroplating industry and the rapid response to the financial and business aspects of the electronics industry, with the sensitivity to market fluctuations.

(2) Positive factors:

A. The market continues to maintain 3% to 7% growth rate and is concentrated in Asia.

B. The copper foil industry is a technology- and capital-intensive industry with high barriers to entry.

C. The application of copper foil in printed circuit boards is irreplaceable. This has been the case for the past 30 years, and it will be the same in the future.

D. The demand for high-end thin products continues to increase, which will increase selling prices.

E. The high-frequency and high-speed demand driven by 5G will greatly increase the demand for Advanced RTF and HVLP copper foils.

(3) Negative factors:

A. Elevated environmental consciousness and labor shortage.

B. Unstable international copper prices affect the revenue.

C. The expansion of the capacity among the Chinese copper foil plants may cause an imbalance supply- demand in the future.

(4) Response:

A. Establish product development strategies with customers, and strengthen the application of products with special specifications.

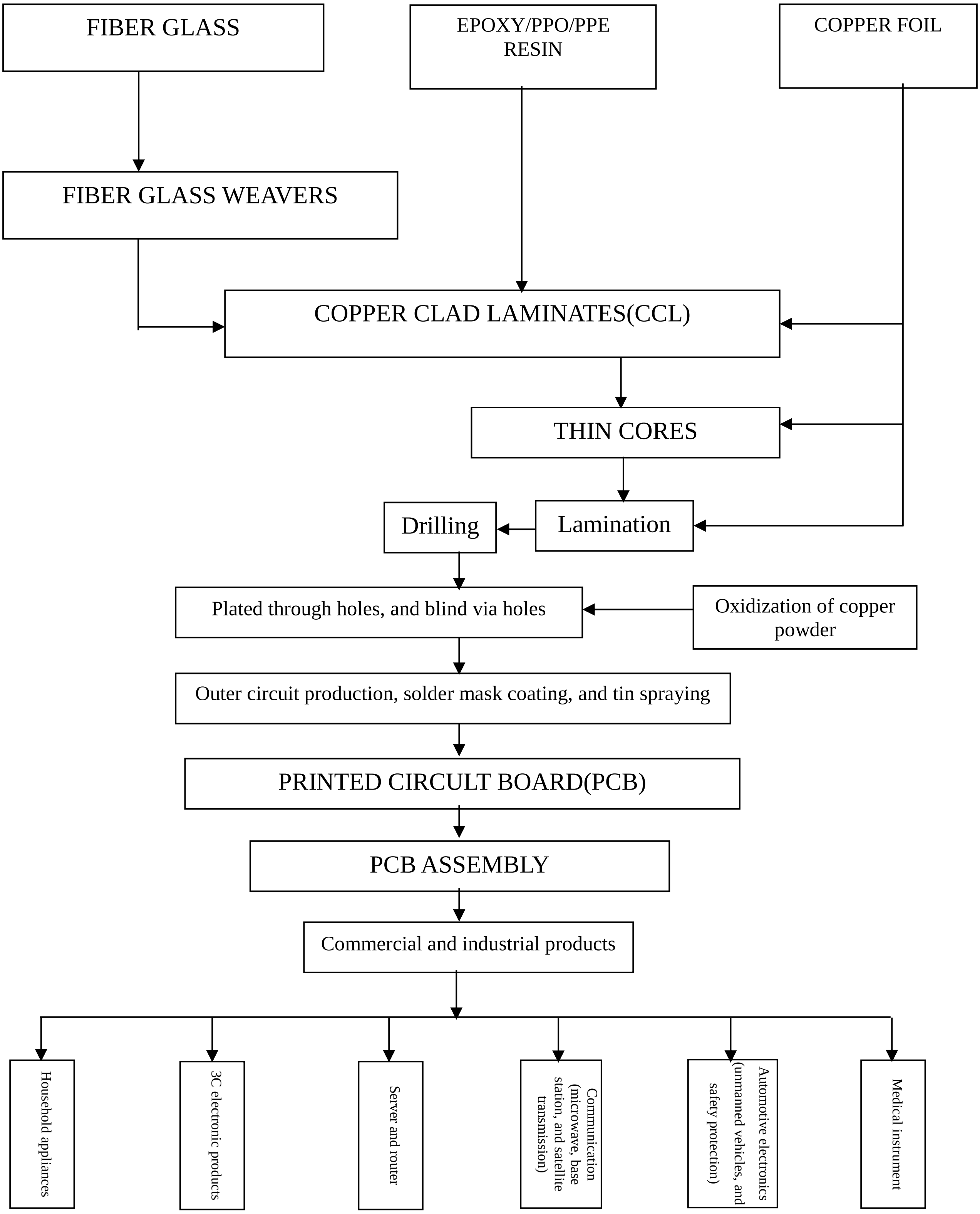
B. Cooperate with domestic and foreign research and development institutions, and accommodate the applications of end customers to introduce high-end copper foil technology.

C. Continue to develop high-efficiency and fully automated equipment with equipment manufacturers.

(II) Usage and Manufacturing Processes for the Company's Main Products

1. Usage the Main Products:

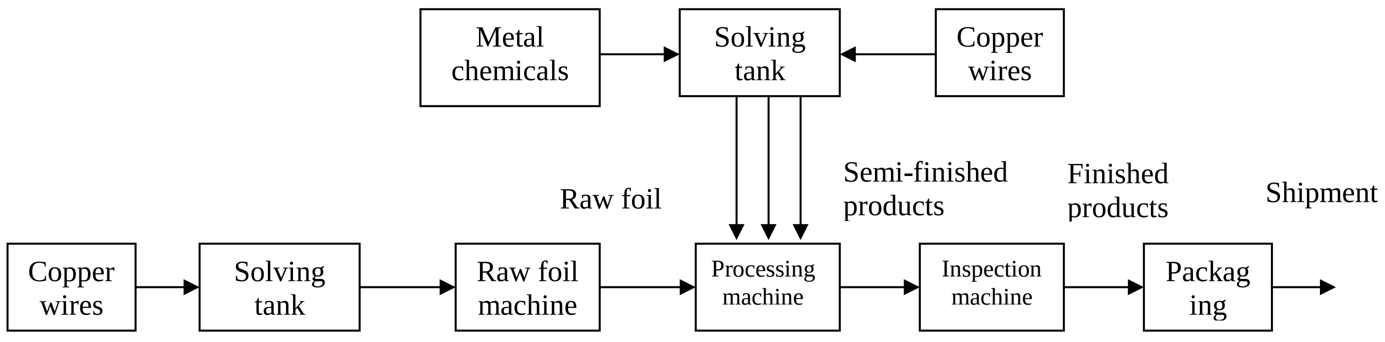
The Company produces only one product: electronic grade copper foil; which is one of the main raw materials for the printed circuit board industry. The connections are as follows:



Electronic information systems and other industries have driven the advent and upsurge of the global information era. Printed circuit boards are the basic parts of various consumer electronics, computers, communications, information electronics, industrial control and medical instrument, and they are also improving the key sections involving high integration and high speed of electronic packaging in these electronic industries. With the continuous growth of the printed circuit board industry, the copper foil industry has also continued to develop multi-layer electrolytic copper foils, and its main purpose is to supply copper foil substrate manufacturers for the production of copper foil substrates to supply printed circuit board manufacturers, and printed circuit board manufacturers to laminate the outer layers of multilayer boards.

2. Manufacturing Processes for the Main Products:

Electrolytic copper foil is to deposit the electrolytic copper sulfate solution instantaneously on a rolling titanium cylinder with a high current. The copper foil obtained by stripping is subjected to surface treatment and then rolled or cropped to supply the up and downstream circuit board industries. The thicknesses are 9µm, 12µm, 18µm, 35µm, 70µm and above, and may be produced on demand. The manufacturing process is as the following:



(1) Manufacturing of raw foil:

The manufacturing process of raw foil includes three processes, namely dissolving copper wire, manufacturing electrolyte and electrolyzing copper foil, described as follows:

A. Dissolution: Put the copper wire and sulfuric acid in the dissolving tank and blow air to dissolve it into copper sulfate solution, and then roll it into the storage tank; the dilute solution returned from the electrolytic tank is pumped back to the dissolution tank through the circulating pump.

B. Electrolyte production: the copper sulfate solution is pumped from the storage tank through the filter into the top tank by a transfer pump. The additives are added to the top tank at the same time for concentration analysis and adjustment. The solution is then pumped into the raw foil machine after the temperature is adjusted through the top tank and the heat exchanger.

C. Electrolysis: In the raw foil machine, the copper is deposited on the rotating titanium cylinders by the electrolysis process and then peeled off and rolled into a raw foil roll; the electrolyte is circulated and pumped back to the dissolution tank.

(2) Surface treatment:

The surface treatment is that the surface of the raw foil undergoes several times of copper plating, zinc plating, and chrome plating to strengthen the peel strength, etching, thermal resistance and oxidation resistance of the copper foil. Various electroplating solutions have their own storage tanks to circulate, and the concentration is adjusted in the tank.

(3) Inspection, cropping, packaging and storage/transportation.

(III) Supplies of the Main Materials

Main Materials	Sources of Supplies	Status of Supplies
Bare copper wire	Domestic, Southeast Asia, Northeast Asia, and Europe	Sufficient supply, without shortage of sources of production

(IV) A List of Any Suppliers and Clients Accounting for 10 Percent or More of the Company's Total Procurement (Sales) Amount in Either of the 2 Most Recent Fiscal Years, the Amounts Bought From (Sold to) Each, the Percentage of Total Procurement (Sales) Accounted for by each, and an Explanation of the Reason for Increases or Decreases in the Above Figures.

1. Main Suppliers in the 2 Most Recent Fiscal Years:

Unit: NT$ thousand

	2019				2020				2021 as of Q1 (Note 2)			
Item	Name	Amount	As a percentage of net purchases for the year (%)	Relationship to the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship to the issuer	Name	Amount	As a percentage to net purchases as of Q1 of the year (%)	Relationship to the issuer
1	K1786	1,257,744	39	None	K1786	1,536,698	39	None	K1786	521,367	38	None
2	K3443	524,235	16	None	K3443	624,655	16	None	K1822	240,154	17	None
3	K1822	493,899	15	None	K1822	557,052	14	None	K3443	237,742	17	None
4	K3693	432,743	14	None					K3693	164,757	12	None
5	K0230	311,357	10	None								
	Others	196,329	6		Others	1,186,690	31		Others	216,956	16	
	Net purchase	3,216,307	100		Net purchase	3,905,095	100		Net purchase	1,380,976	100	

Note 1: List the names, purchase amount and percentage of the suppliers from whom 20% or more of total purchase amounts are made in the recent two years; if the name of supplier cannot be disclosed due to contractual agreement, or the counterpart is a non-related individual, codes may be used.

Note 2: As of the publication date of the annual report, the TWSE listed or OTC traded companies shall disclose the certified or reviewed financial information by the CPAs, if any.

Note 3:

(1) In 2020, the reason that the net purchase percentage of K3693 and K0230 was less than 10% was mainly the addition of new suppliers, which caused the net purchase ratio of K3693 and K0230 to be less than 10%.

2. Main Customers in the 2 Most Recent Fiscal Years:

Unit: NT$ thousand

	2019				2020				2021 as of Q1 (Note 2)			
Item	Name	Amount	As a percentage of net sales for the year (%)	Relationship to the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship to the issuer	Name	Amount	As a percentage to net sales as of Q1 of the year (%)	Relationship to the issuer
1	D0079	1,127,200	22	None	D0079	1,263,859	21	None	D0079	314,540	17	None
2					D0114	936,073	16	None	D0114	313,116	17	None
	Others	4,093,714	78		Others	3,837,454	63		Others	1,204,744	66	
	Net sales	5,220,914	100		Net sales	6,037,386	100		Net sales	1,832,400	100	

Note 1: List the names, purchase amount and percentage of the customers to whom 20% or more of total sales amounts are made in the recent two years; if the name of customer cannot be disclosed due to contractual agreement, or the counterpart is a non-related individual, codes may be used.

Note 2: As of the publication date of the annual report, the TWSE listed or OTC traded companies shall disclose the certified or reviewed financial information by the CPAs, if any.

Note 3: Reason of change: The main reason for the increase in net sales of D0114 in 2020 was mainly due to the fact that the shipment to this customer started in 2019 Q4 and stable cooperation after 2020 Q2.

(V) Production Volume and Value in the Last Two Years

Unit: ton/thousand pieces; NT$ thousand

Year / Production volume and value / Main product (or by segment)	2019			2020		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Copper foil	21,600	17,244	4,458,967	21,600	21,307	5,138,166

Note 1: Capacity refers to the quantity that the company can produce under normal operation using existing production equipment after measuring necessary shutdowns, holidays and other factors.
Note 2: If the production of each product is substitutable, the capacity may be calculated together, and an explanation shall be attached.

(VI) Sales Volume and Value in the Last Two Years

Unit: ton/thousand pieces; NT$ thousand

Year / Sales volume and value / Main product (or by segment)	2019				2020			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Copper foil	2,763	859,623	14,278	4,361,277	2,722	797,951	18,231	5,239,429
Others (Note 1)	24	14	-	-	-	6	-	-

Note 1: Others are mainly optical glasses.

III. The Information of Employees for the 2 Most Recent Fiscal Years

Year		2019	2020	Current year as of March 31, 2021
Number of employees	Managers	9	8	9
	General employees	120	123	125
	Production lines employees	183	179	179
	Total	312	310	313
Average age		39.4	40.3	40.5
Average years of service		10.88	11.79	11.90
Educational background distribution	Master degree	6.77%	6.86%	6.15%
	College	57.10%	55.88%	56.32%
	Below senior high school	36.13%	37.26%	37.53%

Note: The information up to the publication date of the annual report of the year shall be filled in.

IV. Environmental Protection Expenditure

(I) Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date Due to Environmental Pollution Incidents (including compensation) and Total Fines, and Disclosing an Estimate of Possible Expenses that could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why it Cannot be Made Shall be Provided:

In the most recent fiscal year and up to the annual report publication date no loss suffered due to environmental pollution incidents.

V. Labor Relations:

(I) List Any Employee Benefit Plans, Continuing Education, Training, Retirement Systems, and the Status of Their Implementation, and the Status of Labor-Management Agreements and Measures for Preserving Employees' Interests.

1. Employee benefit plans

(1) Handle labor and health insurance, group life insurance, implement employee profit-sharing system, childcare subsidy, grants for employees’ children, wedding and funeral subsidy, among other things, and handle on-service trainings.

(2) Establish an employee welfare committee to allocate 0.15% of monthly sales income and 40% of scrap income as employee welfare funds. In addition, it handles activities such as recreational and tourism activities, as well as employee clubs, Chinese New Year gifts, ball games, and contracting with merchants for preferential treatments.

2. Trainings and continuing education:

(1) The plants have set up training classrooms, and increased internal training courses, to improve on-service training opportunities for employees, and strengthened their professional knowledge.

(2) The Company has established the "Education and Training Management Procedures" and planned relevant training courses in accordance with the requirements of functions and professionalism to enhance employees' knowledge and capabilities, and enhance their overall quality and operating performance. The relevant training results in 2020 are as follows:

Item	Sessions	Total attendees	Total hours	Total expenses
1. Orientations	22	30	227	0
2. Professional function training	21	31	224	64,170
3. Supervisor capability training	29	195	250	0
4. General knowledge training	198	2,531	3,546	0
5. Other	13	169	356	0
Total	283	2,956	4,603	64,170

(3) Financial-related personnel to obtain relevant licenses specified by the competent authority:

A. The accounting officer has obtained the professional qualification certificate for accounting officers award by the Accounting Research and Development Foundation, pursuant to the "Regulations Governing the Qualification Requirements and Professional Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges," and satisfies the required annual continuing education hours.

B. The internal auditors satisfy the required annual continuing education hours pursuant to the " Regulations Governing Establishment of Internal Control Systems by Public Companies."

C. One internal auditor has obtained the certificate of "Certified Internal Auditor," awarded by the Institute of Internal Auditors (IIA).

D. One of the finance staff obtained the "Qualification Certificate of Stock Affair Specialist" awarded by the Securities and Futures Institute.

3. Retirement system and implementation

(1) Old system: employees hired before June 30, 2005 may choose the old or new system upon their wills. The Company has a retirement program for officially hired employees in accordance with the Labor Standard Act. According to the program, the payment of pension is based on the years of service. The Company contributes a monthly retirement reserve, pursuant to the regulations, to the Labor Pension Reserve Supervision Committee for management, and deposited in the Bank of Taiwan under the name of the committee.

(2) New system: The new system of pensions is applicable to all employees employed after July 1, 2005, and those who choose the new system but were hired before July 1, 2005. The Company contributes 6% of monthly salary to the employee's personal pension account of the Labor Insurance Bureau based the employee's salary. Employees may also contribute to the personal pension accounts within the range of 6% of their monthly salary upon personal wills, and the Company will deduct the amount of their contribution from the employee's salary on a monthly basis.

(3) According to the Company's employee retirement program, employees who have served for 15 years or more and have been 55 years of age, or served for 25 years or more, and those who have worked for 10 years or more and have reached 60 years of age, are eligible to retire; employees who are 65 years of age or older, or incompetent for the job may be ordered to retire.

(4) Employees who took up the job before July 1, 2005 and chose the new system will retain their seniority in the old system.

4. Agreements between employees and employer and safeguard of each employee's interests:

(1) The Employee-Employer Conference Committee was established in January 2007 to regularly hold employee-employer communication and coordination meetings, to promote employee-employer cooperation, improve labor conditions and worker's living and working environment, for maintaining mutual assistance and dependence between employees and the employer, and mutual benefit and harmony.

(2) The Company's website has prepared the employee communication channels to establish a good communication bridge.

(3) Formulate the "Guidelines for Parenting Unpaid Leave," to provide employees with more stable employment security.

5. Employees' code of conduct or ethics:

The Company has formulated the "Code of Ethical Conduct" to regulate the ethics of all the Company's employees. Please refer to the Company's website: www.co-tech.com. In addition, the Company has also formulated working rules and related guidelines to serve as standards for employees to follow. The main related measures are:

(1) Internal organization and management guidelines.
(2) Attendance management guidelines.
(3) Performance evaluation and assessment management guidelines.
(4) Promotion management guidelines.
(5) Sexual harassment prevention measures and punishment guidelines.

The Company evaluates employees based above-mentioned management guidelines. All rewards and punishments are announced and communicated to employees to comply with, so that employees clearly understand the code of conducts. When employees have any conduct deserving reward or punishment, such will be handled pursuant to the aforesaid requirements.

6. Protective measures for working environment and personal safety of employees:

(1) Formulate the "Occupational Safety and Health Management Manual" to specify safety management matters for employees to follow.

(2) Occupational safety and health policy:

A. Comply with occupational safety and health laws and regulations and related regulations.

B. Protect the safety and health of all employees and all personnel entering the Company.

C. Continuously improve the occupational safety and health management system and management performance.

E. Prevent the occurrence of work-related injuries or unhealthy accidents.

E. Actively promote consultation with workers and participate in safety and health related issues.

(3) Formulate the "Code of Occupational Safety and Health Practice" in accordance with the Occupational Safety and Health Act, and establish an occupational safety and health committee and the Occupational Safety Office. Set up the "occupational safety and health management personnel" in workplaces to promote safety and health automatic inspection plans, supervise occupational safety and health management, occupational safety and health trainings, and safety and health patrols in various departments.

(4) Equipment safety:

A. Carry out inspection, maintenance and services pursuant to the relevant regulations of occupational safety and health organization management and automatic inspection guidelines.

B. Inspection methods are divided into regular inspections, key inspections, and operation inspections, which are jointly developed and implemented by the Occupational Safety Office and the user unit according to the plan.

(5) Environmental sanitation:

A. Implement cafeteria sanitation inspections every month.

B. Perform monthly cleaning inspections of bathrooms and toilets.

C. Regularly implement the work environment measurement.

(6) Health care: General physical examinations are carried out for newly hired employees at the time of on-board; general health examinations are carried out regularly for in-service personnel; special health examinations are carried out for those who are engaged in special hazardous operations.

(7) Fire-fighting safety: Set up a complete fire-fighting system in accordance with the Fire Services Act, including fire-fighting safety equipment, fire refuge facilities, among other things.

7. Operational Procedures for Handling Material Internal Information and Preventing Insider Trading: all employees, managerial officers and directors have been notified for these established procedures.

(II) List Any Losses Suffered By the Company in the Most Recent 2 Fiscal Years and up to the Annual Report Publication Date Due to Labor Disputes, and Disclosing an Estimate of Possible Expenses That Could be Incurred Currently and in the Future and Measures Being or to be taken.

The Company always regards employees as valuable assets and values the future development of employees. Therefore, the employee-employer have always maintained the harmonious relationship, and the Company has not suffered any loss due to labor disputes.

VI. Important Contracts (the contracts still effective as of the publication date of the annual report and the one expired in the recent year)

Nature of contract	Contracting parties	The commencement dates and expiration dates of contracts	Major contents	Restrictive terms
Technology license agreement of high-performance copper foil technology, Industrial Technology Research Institute	Industrial Technology Research Institute	2015.06.30~ 2020.07.01	Industrial Technology Research Institute provides technical documents, professional consultation, education and training programs required by members.	Obligation to keep the technical documents confidential.
National Chung Cheng University Commissioned research contract of the board measurement verification industry converted from cooperation	National Chung Cheng University	2020.06.01~2021.05.31	Provide information on the dielectric constant, loss, and thickness of the boards to be measured, and the commissioned unit will design different calibration components according to the data.	The two parties shall treat the undisclosed part of the contract as the confidential documents. Either party shall properly keep the undisclosed part of the information known or held due to this contract, and shall not arbitrarily disclose or deliver to any third party or make the third party aware. Both parties shall require their participating personnel in this research to comply with the agreements of this contract.

Six. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years

(I) Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 fiscal years

1. Condensed Balance Sheets

Unit: NT$ thousand

Item \ Year		Financial information of the past 5 years (Note 1)					Current year as of March 31, 2021 Financial information (Note 3)
		2016	2017	2018	2019	2020	
Current asset		3,000,291	5,337,177	4,619,939	4,756,323	4,846,195	5,292,409
Property, plant and equipment (Note 2)		2,557,124	2,293,200	2,209,619	1,980,342	1,759,354	1,753,357
Intangible Assets		3,695	2,322	2,863	3,010	1,948	1,820
Other assets (Note 2)		165,689	169,214	171,827	107,765	130,325	132,642
Total assets		5,726,799	7,801,913	7,004,248	6,847,440	6,737,822	7,180,228
Current liabilities	Before distribution	2,068,999	2,404,276	1,320,232	1,392,954	1,350,841	1,616,934
	After distribution	2,068,999	3,162,040	1,875,926	1,741,525	Note 6	Note 6
Non-current liabilities		1,451,938	72,585	387,124	330,226	230,541	173,692
Total liabilities	Before distribution	3,520,937	2,476,861	1,707,356	1,723,180	1,581,382	1,790,626
	After distribution	3,520,937	3,234,625	2,263,050	2,071,751	Note 6	Note 6
Equity attributed to the owners of parent company		2,211,629	5,313,415	5,292,807	5,124,260	5,156,440	5,389,602
Share capital		2,105,880	2,525,880	2,525,880	2,525,880	2,525,880	2,525,880
Capital surplus		131,955	1,740,234	1,740,234	1,740,234	1,583,629	1,583,629
Retained earnings	Before distribution	(18,538)	1,055,003	1,034,685	866,425	1,055,233	1,288,327
	After distribution	(18,538)	297,239	478,991	517,854	Note 6	Note 6
Other Equity		(7,668)	(7,702)	(7,992)	(8,279)	(8,302)	(8,234)
Treasury shares		-	-	-	-	-	-
Non-controlling interest		(5,767)	11,637	4,085	-	-	-
Total Equity	Before distribution	2,205,862	5,325,052	5,296,892	5,124,260	5,156,440	5,389,602
	After distribution	2,205,862	4,567,288	4,741,198	4,775,689	Note 6	Note 6

* If the Company prepares the parent company-only financial report, it shall separately prepare the condensed parent company-only balance sheet and the statement of comprehensive income for the most recent five years.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Financial Accounting Standards should be prepared separately.

Note 1: Any year has not been audited by the CPAs should be indicated.
Note 2: If an asset revaluation has been performed in the current year, the date of the revaluation and the value-added amount of revaluation should be listed.
Note 3: As of the publication date of the annual report, the TWSE listed or OTC traded companies shall disclose the audited or reviewed financial information by the CPAs, if any.
Note 4: For the above-mentioned figure after distribution, please fill in based on the resolution of the shareholders' meeting in the following year.
Note 5: If the financial information shall be corrected or re-stated as notified by the competent authority, the listed figures should be the corrected or re-stated figures, and the circumstances and reasons should be indicated.
Note 6: The financial information for the 2020 and 2021 Q1 has been inspected or reviewed by the CPAs, and the earnings has not been distributed.

2. Condensed Parent Company Only Balance Sheet

Unit: NT$ thousand

Item \ Year		Financial information of the past 5 years (Note 1)				
		2016	2017	2018	2019	2020
Current asset		2,927,380	5,132,094	4,507,446	4,600,963	4,829,286
Property, plant and equipment (Note 2)		2,164,507	2,098,542	2,041,359	1,837,028	1,759,332
Intangible Assets		2,440	1,815	2,804	3,010	1,948
Other assets (Note 2)		130,392	222,628	149,115	129,316	136,529
Total assets		5,224,719	7,455,079	6,700,724	6,570,317	6,727,095
Current liabilities	Before distribution	1,652,594	2,096,493	1,029,360	1,115,862	1,340,114
	After distribution	1,652,594	2,854,257	1,585,054	1,464,433	Note 6
Non-current liabilities		1,360,496	45,171	378,557	330,195	230,541
Total liabilities	Before distribution	3,013,090	2,141,664	1,407,917	1,446,057	1,570,655
	After distribution	3,013,090	2,899,428	1,963,611	1,794,628	Note 6
Equity attributed to the owners of parent-company		2,211,629	5,313,415	5,292,807	5,124,260	5,156,440
Share capital		2,105,880	2,525,880	2,525,880	2,525,880	2,525,880
Capital surplus		131,955	1,740,234	1,740,234	1,740,234	1,583,629
Retained earnings	Before distribution	(18,538)	1,055,003	1,034,685	866,425	1,055,233
	After distribution	(18,538)	297,239	478,991	517,854	Note 6
Other Equity		(7,668)	(7,702)	(7,992)	(8,279)	(8,302)
Treasury shares		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total Equity	Before distribution	2,211,629	5,313,415	5,292,807	5,124,260	5,156,440
	After distribution	2,211,629	4,555,651	4,737,113	4,775,689	Note 6

* If the Company prepares the parent company-only financial report, it shall separately prepare the condensed parent company-only balance sheet and the statement of comprehensive income for the most recent five years.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Financial Accounting Standards should be prepared separately.

Note 1: Any year has not been audited by the CPAs should be indicated.
Note 2: If an asset revaluation has been performed in the current year, the date of the revaluation and the value-added amount of revaluation should be listed.
Note 3: As of the publication date of the annual report, the TWSE listed or OTC traded companies shall disclose the audited or reviewed financial information by the CPAs, if any.
Note 4: For the above-mentioned figure after distribution, please fill in based on the resolution of the shareholders' meeting in the following year.
Note 5: If the financial information shall be corrected or re-stated as notified by the competent authority, the listed figures should be the corrected or re-stated figures, and the circumstances and reasons should be indicated.
Note 6: The 109 financial data has been certified by an accountant, and the surplus has not been distributed.

3. Condensed Consolidated Statements of Comprehensive Income

Unit: NT$ thousand

Items \ Year	Financial information of the past 5 years (Note 1)					Current year as of March 31, 2021 Financial information (Note 2)
	2016	2017	2018	2019	2020	
Operating Revenue	5,395,908	6,618,106	6,240,052	5,220,914	6,037,386	1,832,400
Gross profit	1,002,182	1,691,295	1,213,879	783,933	968,082	360,777
Gross profit from operations	737,455	1,376,083	973,602	584,923	738,853	291,244
Non-operating income and expenses	(86,688)	(81,412)	(25,991)	(58,686)	(66,994)	124
Profit before tax	650,767	1,294,671	947,611	526,237	671,859	291,368
Net income of continuing business units	596,852	1,086,826	733,577	386,662	541,590	233,094
Income of discontinuing business unit	-	-	-	-	-	-
Net income (loss)	596,852	1,086,826	733,577	386,662	541,590	233,094
Other comprehensive profits and losses (net amount after tax)	(793)	(3,557)	(3,973)	(3,600)	(4,234)	68
Total comprehensive income	596,059	1,083,269	729,604	383,062	537,356	233,162
Net income attributable to owners of the parent company	642,903	1,116,565	741,129	396,701	541,590	233,094
Net income attributable to non-controlling interests	(46,051)	(29,739)	(7,552)	(10,039)	-	-
Total comprehensive income attributable to owners of the parent company	642,110	1,113,008	737,156	393,101	537,356	233,162
Total comprehensive income attributable to non-controlling interests	(46,051)	(29,739)	(7,552)	(10,039)	-	-
Earnings per Share	3.05	5.02	2.93	1.57	2.14	0.92

* If the Company prepares the parent company-only financial report, it shall separately prepare the condensed parent company-only balance sheet and the statement of comprehensive income for the most recent five years.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Financial Accounting Standards should be prepared separately.

Note 1: Any year has not been audited by the CPAs should be indicated.
Note 2: As of the publication date of the annual report, the TWSE listed or OTC traded companies shall disclose the certified or reviewed financial information by the CPAs, if any. The 2021 Q1 financial information has been reviewed by the CPAs.
Note 3: The income of discontinuing business unit list the amount net of income tax.
Note 4: If the financial information shall be corrected or re-stated as notified by the competent authority, the listed figures should be the corrected or re-stated figures, and the circumstances and reasons should be indicated.

4. Condensed Parent Company-Only Statements of Comprehensive Income

Unit: NT$ thousand

Item \ Year	Financial information of the past 5 years (Note 1)				
	2016	2017	2018	2019	2020
Operating Revenue	5,269,071	6,572,246	6,227,369	5,220,363	6,036,163
Gross profit	1,040,639	1,763,330	1,256,370	813,371	970,500
Gross profit from operations	841,017	1,509,515	1,056,004	625,180	745,322
Non-operating income and expenses	(125,658)	(151,725)	(100,841)	(163,454)	(73,463)
Profit before tax	715,359	1,357,790	955,163	461,726	671,859
Net income of continuing business units	642,903	1,116,565	741,129	396,701	541,590
Income of discontinuing business unit	-	-	-	-	-
Net income (loss)	642,903	1,116,565	741,129	396,701	541,590
Other comprehensive profits and losses (net amount after tax)	(793)	(3,557)	(3,973)	(3,600)	(4,234)
Total comprehensive income	642,110	1,113,008	737,156	393,101	537,356
Net income attributable to owners of the parent company	642,903	1,116,565	741,129	396,701	541,590
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	642,110	1,113,008	737,156	393,101	537,356
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per Share	3.05	5.02	2.93	1.57	2.14

* If the Company prepares the parent company-only financial report, it shall separately prepare the condensed parent company-only balance sheet and the statement of comprehensive income for the most recent five years.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Financial Accounting Standards should be prepared separately.

Note 1: Any year has not been audited by the CPAs should be indicated.
Note 2: As of the publication date of the annual report, the TWSE listed or OTC traded companies shall disclose the certified or reviewed financial information by the CPAs, if any. The 2021 Q1 Condensed parent company-only statements of comprehensive income is not required.
Note 3: The income of discontinuing business unit list the amount net of income tax.
Note 4: If the financial information shall be corrected or re-stated as notified by the competent authority, the listed figures should be the corrected or re-stated figures, and the circumstances and reasons should be indicated.

(II) Auditing CPAs and Audit Opinions in the Past 5 Years

Year	Name of the Firm and CPAs	Audit Opinions
2020	Deloitte Taiwan Chang, Chin-Fu and Chao, Yung-Hsiang	Unqualified opinion
2019	Deloitte Taiwan Chang, Chin-Fu and Cheng, Chin-Tsung	Unqualified opinion
2018	Deloitte Taiwan Tsai, Cheng-Tsai and Chiu, Meng-Jie	Unqualified opinion
2017	Deloitte Taiwan Tsai, Cheng-Tsai and Chiu, Meng-Jie	Unqualified opinion
2016	Deloitte Taiwan Tsai, Cheng-Tsai and Chiu, Meng-Jie	Unqualified opinion

II. Financial Analysis in the Past 5 Years

1. Consolidated Financial Analysis

Item		Financial analysis in the past five years 2016	2017	2018	2019	2020	Current year as of March 31, 2021 (Note 2)
Financial structure	Debt ratio (%)	61.48	31.75	24.38	25.17	23.47	24.94
	Long term capital to property, plant and equipment ratio (%)	143.04	235.38	257.24	275.43	306.19	317.29
Solvency	Current ratio (%)	145.01	221.99	349.93	341.46	358.75	327.31
	Quick ratio (%)	123.33	195.89	305.18	308.05	320.31	283.23
	Interest coverage ratio (times)	12.41	26.56	34.74	25.71	59.45	185.53
Operating capacity	Receivable turnover rate (times)	3.45	3.81	4.25	3.69	3.86	4.20
	Average cash recovery days	106	96	86	99	95	87
	Inventory turnover rate (times)	10.44	10.12	8.84	8.98	11.18	10.28
	Payable turnover rate(times)	27.36	23.75	19.59	15.06	14.82	12.96
	Average days in sales	35	36	41	41	33	36
	Property, plant and equipment turnover rate (times)	2.01	2.73	2.77	2.49	3.23	4.16
	Total asset turnover rate (times)	1.01	0.98	0.84	0.75	0.89	1.04
Profitability	Return on total assets (%)	12.05	16.69	10.21	5.83	8.11	13.48
	Return on stockholders'equity (%)	34.01	29.68	13.98	7.62	10.54	17.88
	Pre-tax net profit to paid-in capital ratio (%)	30.9	51.26	37.52	20.83	26.60	11.54
	Net profit margin (%)	11.06	16.42	11.76	7.41	8.97	12.72
	Earnings per share (NT$)	3.05	5.02	2.93	1.57	2.14	0.92
Cash flows	Cash flow ratio (%)	26.29	70.01	90.75	44.33	56.10	2.82
	Cash flow adequacy ratio (%)	102.46	184.25	149.25	157.7	161.52	139.76
	Cash reinvestment ratio (%)	6.05	15.42	3.85	0.54	2.16	0.38
Leverage	Operating leverage	1.97	1.55	1.63	2.02	1.85	1.52
	Financial leverage	1.08	1.04	1.03	1.04	1.02	1.01

Please explain the reasons of the financial ratio changes in the past two years. (Analysis may be omitted if the changes hadn't reached 20%.)

1. The interest coverage ratio increased in 2020, mainly because the net profit before tax increased.
2. The inventory turnover increased in 2020 mainly because the overall demands in the copper foil market increased, and resulting in significant increase in sales from the previous year.
3. The property, plant and equipment turnover in 2020 increased, mainly because the current net profit after tax was better the previous period.
4. The profitability including ROA increased in 2020, mainly because the current net profit after tax was better the previous period.
5. The cash flow ratio and cash reinvestment ratio increased in 2020, mainly because the cash flows from operating activities increased.

* If the company has prepared the parent company-only financial report, an analysis of the company's parent company-only financial ratio shall be prepared separately.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Financial Accounting Standards should be prepared separately.

Note 1: The year has not been audited by the CPAs should be indicated.

Note 2: As of the publication date of the annual report, the TWSE listed or OTC traded companies shall disclose the certified or reviewed financial information by the CPAs, if any.

Note 3: At the end of this form in the annual report, the following calculation formula should be listed:

1. Financial structure
   (1) Debt ratio = total liabilities / total assets.
   (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period.
3. Operating capacity
   (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business).
   (2) Average cash recovery date = 365 / receivables turnover rate
   (3) Inventory turnover rate = sales cost / average inventory.
   (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business).
   (5) Average days in sales = 365 / inventory turnover rate.
   (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value.
   (7) Total asset turnover rate = net sales / average total assets.
4. Profitability
   (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on stockholders'equity = after tax profit and loss / average equity.
   (3) Net profit margin = after tax profit and loss / net sales.
   (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital). (Note 5)
6. Leverage
   (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit (Note 6).
   (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 4: Calculation formula for earnings per share above should pay careful attention to followed points:

1. Based on weighted average number of ordinary shares, but not the number of shares issued as of the end of the year.
2. Every capital increase or treasury stock transaction should consider calculating weighted average number of shares during circulation period.
3. The capital injection from the surplus or the capital reserve to increase its capital should retroactive adjustment calculate its earnings per share in the past year or the past six months in proportion of capital increase; no need to consider the period of capital increase.
4. If the preferred shares are non-convertible cumulative preferred stock, the dividends of the year, whether they're issued or not, should be deducted from the net profit after tax, or be added to the net loss after tax. If the preferred shares are non-cumulative and have net profit after tax, the dividends should be deducted from the net profit after tax; no need for adjustment if they have loss.

Note 5: Paying careful attention to the cash flow analysis as followed points:

1. Net cash flow from operating activities means the net income in the net cash flow table.
2. Capital expenditure means investment spending per year.
3. Inventory would only be counted when the closing balance of prepaid rent is bigger than the beginning one. If the inventory in the end of the year has decreased, it should be shown as zero.
4. Cash dividend includes common stock and preferred shares.
5. Gross property, plant and equipment is the total amount of net of property, plant and equipment accumulated depreciation.

Note 6: Issuer should differentiate every fixed and variable operating cost and operating expense by their natures. If estimation or subjective judgement is involved, be aware of its rationality and consistency.

Note 7: Company's shares without par value or a par value other than NT$10 is calculated based on interests ratio attributable to parent company owner in balance sheet, instead of pre-tax net profit to paid-in capital ratio.

2. Parent Company-only Financial Analysis

Item		Financial analysis in the past five years 2016	2017	2018	2019	2020
Financial structure	Debt ratio (%)	57.67	28.73	21.01	22.01	23.35
	Long term capital to property, plant and equipment ratio (%)	165.03	255.35	277.82	296.92	306.19
Solvency	Current ratio (%)	177.14	244.79	437.89	412.32	360.36
	Quick ratio (%)	154.06	217.98	384.64	374.00	321.62
	Interest coverage ratio (times)	15.23	32.78	45.12	31.51	64.83
Operating capacity	Receivable turnover rate (times)	3.47	3.88	4.25	3.69	3.86
	Average cash recovery days	105	94	86	99	95
	Inventory turnover rate (times)	11.12	11.20	9.59	9.68	11.63
	Payable turnover rate(times)	27.72	24.00	19.47	14.96	14.81
	Average days in sales	33	33	38	38	31
	Property, plant and equipment turnover rate (times)	2.32	3.08	3.01	2.69	3.36
	Total asset turnover rate (times)	1.08	1.04	0.88	0.79	0.91
Profitability	Return on assets (%)	14.03	18.17	10.72	6.16	8.27
	Return on stockholders'equity (%)	34.01	29.68	13.98	7.62	10.54
	Pre-tax net profit to paid-in capital ratio (%)	33.97	53.76	37.82	18.28	26.60
	Net profit margin (%)	12.20	16.99	11.90	7.60	8.97
	Earnings per share (NT$)	3.05	5.02	2.93	1.57	2.14
Cash flows	Cash flow ratio (%)	40.48	84.95	120.31	57.11	55.80
	Cash flow adequacy ratio (%)	198.10	300.66	203.02	198.06	173.65
	Cash reinvestment ratio (%)	7.57	16.52	4.25	0.72	2.08
Leverage	Operating leverage	1.68	1.41	1.50	1.89	1.83
	Financial leverage	1.06	1.03	1.02	1.02	1.01

Please explain the reasons of the financial ratio changes in the past two years. (Analysis may be omitted if the changes hadn't reached 20%.)

1. The interest coverage ratio increased in 2020, mainly because the net profit before tax increased.
2. The inventory turnover increased in 2020 mainly because the overall demands in the copper foil market increased, and resulting in significant increase in sales from the previous year.
3. The property, plant and equipment turnover in 2020 increased, mainly because the current net profit after tax was better the previous period.
4. The profitability including ROA increased in 2020, mainly because the current net profit after tax was better the previous period.
5. The cash reinvestment ratio increased in 2020, mainly because the cash flows from operating activities increased.

* If the company has prepared the parent company-only financial report, an analysis of the company's parent company-only financial ratio shall be prepared separately.

* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Financial Accounting Standards should be prepared separately.

Note 1: The year has not been audited by the CPAs should be indicated.

Note 2: As of the publication date of the annual report, the TWSE listed or OTC traded companies shall disclose the certified or reviewed financial information by the CPAs, if any.

Note 3: At the end of this form in the annual report, the following calculation formula should be listed:

1. Financial structure
   (1) Debt ratio = total liabilities / total assets.
   (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period.
3. Operating capacity
   (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business).
   (2) Average cash recovery date = 365 / receivables turnover rate
   (3) Inventory turnover rate = sales cost / average inventory.
   (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business).
   (5) Average days in sales = 365 / inventory turnover rate.
   (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value.
   (7) Total asset turnover rate = net sales / average total assets.
4. Profitability
   (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on stockholders'equity = after tax profit and loss / total average equity.
   (3) Net profit margin = after tax profit and loss / net sales.
   (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital). (Note 5)
6. Leverage
   (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit (Note 6).
   (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 4: Calculation formula for earnings per share above should pay careful attention to followed points:

1. Based on weighted average number of ordinary shares, but not the number of shares issued as of the end of the year.
2. Every capital increase or treasury stock transaction should consider calculating weighted average number of shares during circulation period.
3. The capital injection from the surplus or the capital reserve to increase its capital should retroactive adjustment calculate its earnings per share in the past year or the past six months in proportion of capital increase; no need to consider the period of capital increase.
4. If the preferred shares are non-convertible cumulative preferred stock, the dividends of the year, whether they're issued or not, should be deducted from the net profit after tax, or be added to the net loss after tax. If the preferred shares are non-cumulative and have net profit after tax, the dividends should be deducted from the net profit after tax; no need for adjustment if they have loss.

Note 5: Paying careful attention to the cash flow analysis as followed points:

1. Net cash flow from operating activities means the net income in the net cash flow table.
2. Capital expenditure means investment spending per year.
3. Inventory would only be counted when the closing balance of prepaid rent is bigger than the beginning one. If the inventory in the end of the year has decreased, it should be shown as zero.

4. Cash dividend includes common stock and preferred shares.
5. Gross property, plant and equipment is the total amount of net of property, plant and equipment accumulated depreciation.

Note 6: Issuer should differentiate every fixed and variable operating cost and operating expense by their natures. If estimation or subjective judgement is involved, be aware of its rationality and consistency.

Note 7: Company’s shares without par value or a par value other than NT$10 is calculated based on interests ratio attributable to parent company owner in balance sheet, instead of pre-tax net profit to paid-in capital ratio.

III. Audit Committee’s Review Report on the Latest Financial Report

Co-Tech Development Corp.

Audit Committee’s Review Report

The Company's Board of Directors has prepared and submitted the financial statements for the year ended December 31, 2020, which were audited by the attesting CPAs of Deloitte Touche Tohmatsu Limited, together with the business report and the earnings distribution of the Company. The Audit Committee has reviewed and concluded that the report is in compliance with the Company Law and other relevant laws and regulations, and hereby submits a report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely

2021 Annual General Shareholders’ Meeting

Co-Tech Development Corp.
Audit Committee Convener:

Signature ____________

January 27, 2021

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

Please refer to Appendix 1.

V. Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report 122

Please refer to Appendix 2.

VI. If the Company or its Affiliates have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation: None.

Seven. Review of Financial Conditions, Financial Performance and Risk Management123

I. Financial Status

Comparative Analysis for the Financial Positions in the Recent Two Years

Unit: NT$ thousand

Items \ Year	2020	2019	Difference		
			Amount	%	Description
Current asset	4,846,195	4,756,323	89,872	1.89%	
Property, Plant and Equipment	1,759,354	1,980,342	(220,988)	-11.16%	
Intangible Assets	1,948	3,010	(1,062)	-35.28%	1
Other assets	130,325	107,765	22,560	20.93%	2
Total assets	6,737,822	6,847,440	(109,618)	-1.60%	
Current liabilities	1,350,841	1,392,954	(42,113)	-3.02%	
non-current liabilities	230,541	330,226	(99,685)	-30.19%	3
Total liabilities	1,581,382	1,723,180	(141,798)	-8.23%	
Share capital	2,525,880	2,525,880	0	0.00%	
Additional paid-in capital	1,583,629	1,740,234	(156,605)	-9.00%	
Retained earnings	1,055,233	866,425	188,808	21.79%	4
Other interests	(8,302)	(8,279)	(23)	0.28%	
Treasury shares	0	0	0	-	
Total equity	5,156,440	5,124,260	32,180	0.63%	

Explanation:

1. Decrease in intangible assets: mainly due to the amortization in 2020.
2. Increase in other assets: mainly due to the increase in the deferred income tax assets.
3. Decrease in non-current liabilities: mainly because some long-term borrowings transferred to the borrowings expire within a year.
4. Increase in the retained earnings: mainly due to the increased net profit of 2020 from 2019.

II. Financial Performance

(I) Comparative Analysis for the Financial Performance in the Recent Two Years

Unit: NT$ thousand

Item \ Year	2020	2019	Amount increased (decreased)	Change percentage (%)
Revenue	6,037,386	5,220,914	816,472	15.64
Operating cost	(5,069,304)	(4,436,981)	(632,323)	14.25
Gross profit from operations	968,082	783,933	184,149	23.49
Operating expenses	(229,229)	(199,010)	(30,219)	15.18
Net operating profit	738,853	584,923	153,930	26.32
Non-operating income (expenses)	(66,994)	(58,686)	(8,308)	14.16
Profit before tax	671,859	526,237	145,622	27.67
Analysis of changes: In 2020, the demand for copper foil market increased, and sales increased significantly from 2019. As a result, consolidated revenue in 2020 increased by 15.64% comparing to 2019. This resulted in an increase in gross sales and operating net profit from 2019, and the net profit before tax increased by 27.67%.				

(II) Sales Forecast and the Basis, and Possible Impact on the Company's Future Financial Status and the Contingency Plan

Due to the impact of COVID-19 this year, when facing the business headwinds brought by the global economic weakness and international trade tensions, the Company will evaluate the new product launching schedule, operation plan, market demand forecast, industry competition situation and major customer business prospects, and expects that the industry the Company belongs to will continue to maintain steady growth in the coming year. In addition, the Company will be committed to strengthening its operating health and accelerating the differentiation of technology and products. By rooting in Taiwan, the Company will continue to improve its manufacturing process, seeking to maintain the Company's stable growth.

III. Cash Flow

(I) 2020 Cash Flow Analysis

Unit: NT$ thousand

Beginning cash balance (1)	Net cash flow from operating activities throughout the year (2)	Estimated yearly cash outflow (3)	Cash surplus (deficit) amount (1)+(2)+(3)	Remedies for cash deficits	
				Investment plan	Financing plan
2,701,677	757,856	-867,813	2,591,720	None	None
Explanation: The net cash outflow mainly were dividends distribution and purchase of equipment.					

(II) Remedies for Illiquidity: No illiquidity.

(III) Cash Flow Analysis for the Next Year: The Company's premise is maintaining stable cash liquidity. Based on the cash balance on the books and the cash flow of operating activities and investment activities, the Company measures the financial market conditions, and prudently plans and controls various cash expenditures such as related investments and operations.

IV. Impact of Major Capital Expenditure in the Past Year on the Financial and Business: None.

V. Re-investment Policy in the Past Year, the Main Reason for its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year:

Unit: NT$ thousand December 31, 2020

The company invests	The invested company	Investment amount	Policy	Current profit and loss (after tax)	Improvement plans	Other future investment plans	Remarks
Co-Tech Development Corp.	Co-Tech Copper Foil (BVI) Inc.	US$3,500 thousand	The third-jurisdiction holding company for the reinvestment in Mainland.	(2,280)	None	None	Subsidiary
Co-Tech Copper Foil (BVI) Inc.	Jinqianbo International Trade (Shanghai) Limited	US$200 thousand	Sales of copper foil	(2,193)	None	None	Sub-subsidiary
Co-Tech Development Corp.	Essen Optics Technology Co., Ltd. (Note 1)	NT$85,000 thousand	Manufacturing and trading of glass products	(5,259)	None	None	Subsidiary

Note 1: To integrate the group's resources and for the operating synergies, on February 20, 2020, the board of directors of the Company and Essen Optics Technology Co., Ltd. (hereinafter "Essen," a 100% owned subsidiary) approved the simplified merger of the both companies; the Company is the survival company and Essen is the dissolved company. The base date of merger is February 24, 2020.

VI. Risks in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

(I) The Impact of Interest and Exchange Rate Changes and Inflation on the Company's Profit and Loss and Future Countermeasures:

1. Interest rate changes and future countermeasures:

   The Company's cash management policy is based on the principle of safe and stable operation. In addition to maintaining safe working capital, spare funds are mainly deposited in time deposits at banks. With the premises of improving the financial structure, enriching medium and long-term working capital and reducing the risk of interest rate changes, the Company not only regularly assesses the market liquidity and bank interest rates, and prudently determines the financing means to obtain more favorable interest rates, but also adjusts loan positions in foreign currencies timely, regularly assesses the market liquidity while strengthening the capital management, and regularly controls accounts receivable and accounts payable to reduce the impact of interest rate changes.

2. Exchange rate changes and future countermeasures:

   (1) The Financial Department maintains close contact with the foreign exchange departments of financial institutions, collects relevant information on exchange rate changes all the time, fully grasps the trends and changes of international exchange rates, and actively responds to the negative effects of exchange rate fluctuations, to grasp the trend of exchange rate changes, for serving as reference of foreign exchange trading and settlement.

   (2) The main quotation currency of the company’s accounts receivable and accounts payable arising from revenues and purchases is USD. By offsetting the assets and liabilities in foreign currencies, the exchange rate risk is reduced and the effect of natural hedging is achieved.

   (3) The Financial Department regularly makes internal assessment reports on the positions of foreign currency net assets (liabilities) to be hedged, which are reported to the management of the Company. To be consistent with the group's exchange rate hedging strategy, the aim is not to retain foreign exchange positions.

   (4) All derivative transactions engaged in are for the purpose of hedging, and the profits and losses arising from exchange rate changes roughly offset the profits and losses of the hedged items, so market risks have little effect on the Company's profits and

losses.

(5) For the net foreign currency positions (assets and/or liabilities) held by the Company, hedging strategies will be adopted based the exchange rate trends at the time, and the spot foreign exchange, forward foreign exchange or other derivative products are applied timely for hedging. Meanwhile, in response to exchange rate fluctuations, these positions are adjusted timely after prudent evaluation to avoid exchange rate fluctuation risks. Since the Company does not engage in foreign exchange operations irrelevant to the business, and every operation is for the purpose of hedging, so exchange rate fluctuations have not brought any significant impact.

3. Inflation and future countermeasures:

The Company has no significant impact from inflations, and the Company’s quotations to customers and suppliers are mostly floating with the market prices, so the impact on the company’s profit and loss is limited.

The Company monitors market price fluctuations all time, adjusts product prices and material inventory timely, to reduce the impact of inflation on the Company, and signs purchase contracts with major raw material suppliers.

(II) The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; the Main Reasons for the Profits/ Losses Generated Thereby; and Response Measures to be Taken in the Future.

1. The high-risk investments, highly leveraged investments in the year: None.
2. Endorsement and guarantee in the year: None.
3. Loans to other parties: None.
4. Derivatives transactions in the year:

(1) Transaction policy: The Company’s derivatives transactions are handled in accordance with the “Procedures for Handling Acquisition and Disposal of Assets.” This derivatives transactions in this year were mainly for the purpose of avoiding exchange rate change risks for the foreign currency denominated net assets. The profit and loss from this and the profit and loss of the hedging items will offset each other, so the

market risk is low.

(2) The Company’s derivatives transactions in 2020 are as following:

Unit: NT$ thousand

<table>
<tr><th colspan="4">Type of contract
Transaction message</th><th>Forward contract</th><th>Swap</th></tr>
<tr><td rowspan="5">Not for trading</td><td rowspan="5">Non-conforming to the hedging accounting</td><td rowspan="3">Contracts not written-off</td><td>Total contract amount</td><td>3,540</td><td>875,656</td></tr>
<tr><td>Fair value</td><td>-14</td><td>29,297</td></tr>
<tr><td>The recognized unrealized profit and loss amount for the year</td><td>-14</td><td>29,297</td></tr>
<tr><td rowspan="2">Contracts written-off</td><td>Total contract amount</td><td>1,848,005</td><td>2,133,983</td></tr>
<tr><td>The recognized realized profit and loss amount for the year</td><td>-2,503</td><td>28,051</td></tr>
</table>

Note: In the financial statements, the disclosed “for trading” amount includes the “for trading” and “not for trading-non-conforming to the hedging accounting.”

(3) Future countermeasures:

Derivative transactions shall aim to ensure the operating profit of the Company’s operation, and avoid risks caused by fluctuations in exchange rates, interest rates or asset prices. All foreign exchange-related transactions are for the purpose of hedging risks, and transactions that are not related to hedging risks are not conducted at all. For the counterparties of transactions, the banks have regular business relationships with the Company are selected to avoid credit risk.

(III) Future R&D Projects and Estimated R&D Expenses:

In response to the future growth and customers’ needs, the Company will continue to engage in the research and development of the third-generation RG series and HVLP3 to expand the market and enhance the Company's product diversification and differentiation.

1. Future R&D plans

(1) Short-term plans

A. In the application of PCIe5 platform, the development of RG series copper foil.

B. In response to the advent of the new 5G era and the growing demand for netcom equipment, the Company are actively positioning the HVLP grade and RG series copper foil development used by the 400 GHz Switch.

C. Development of advanced high-frequency copper foil for automotive advanced driver assistance systems (ADAS).

(2) Long-term plan:

A. In response to the advent of the new 5G era and the growing demand for netcom equipment, the Company are actively positioning the third-generation RG series for 800 GHz Switch and HVLP3 grade copper foil development.

B. 5G communication applied to the development of ultra-low signal loss and high frequency copper foil with excellent passive intermodulation (PIM).

2. Expected invested R&D expenses: Approximately NT$60 million

(IV) The Impact of Important Domestic and Overseas Policy and Regulation Changes on the Finance and Business of the Company and Countermeasures:

Additions and amendments are made pursuant to the national laws and policies and current laws and regulations; the Company grasps relevant policy changes and revisions, and explains the information with relevant personnel at any time while providing related information for the management to discuss and formulate relevant corresponding strategies to avoid deriving relevant concerns to laws and regulations.

(V) Effect on the Company's Financial Operations of Developments in Science and Technology as well as Industrial Change, and Countermeasures:

The downstream of the copper foil products produced by the Company are copper foil substrates and printed circuit boards. Currently, all electronic component designs must use copper foil, and there are no alternative products for the time being. Therefore, technological or industrial changes have not had a significant impact on the Company's finance and business.

However, the Company still monitors relevant technical changes and industry trends all the time, and evaluates the impact on the Company's future development and financial business, and takes necessary countermeasures.

(VI) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Countermeasures:

he Company's business objectives are based on the principle of soundness and integrity, and the Company pays attention to the maintenance of corporate reputation, seeking to attract more outstanding talents to serve the Company, and build the strength of the management team, so that the Company may return the business results to the shareholders and fulfill the corporate social responsibilities. Therefore, there is no situation that endangers the corporate image.

In the future, the Company will fulfill its corporate social responsibilities while pursuing the greatest interests for shareholders.

(VII) Expected Benefits and Possible Risks Associated with any Merger and Acquisitions, and Countermeasures:

The selection of targets for investment and mergers and acquisitions is mainly based on these entities consistent to the Company's strategic development. Therefore, with a high degree of correlation among products, markets, channels, and customers, the Company may obtain effective controls over the investment benefits, organizational integration and financial risks.

(VIII) Expected Benefits and Possible Risks Associated With any Plant Expansion, and Countermeasures:

The Company estimates to invest about NT$4.05 billion to expand its capacity in 2021, to meet the demand for capacity due to the market growth. This source of funding will come from the working capital. The Company has sufficient working capital and there is no risk of insufficient capital.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Countermeasures:

1. Risk of consolidate of purchasing and countermeasures:

   (1) Risk of consolidate of purchasing:

   Currently, most of the main raw materials purchased are supplied by domestic and foreign traders and manufacturers. The Company has multiple purchase channels, and has established long-term and stable cooperative relations with raw material suppliers to ensure the Company's adequate supply of raw materials and the stability of quality. At present, for the main raw materials used by the Company, in addition to requiring suppliers to prepare sufficient inventory based the order quantity, the Company also simultaneously develop and test different raw materials sources, to prevent the risks resulted from concentration of purchases.

(2) Countermeasures for consolidate of purchasing:

A. Purchasing from multiple suppliers, and diversify order quantity:

(A) Keep purchasing from four or more suppliers, and continue to develop new suppliers.

(B) The proportion of purchases from one single manufacturer is controlled below 50%, and the concentration risk of purchases has been reduced.

B. Signing a long-term purchase contract:

(A) Signing half-year or one-year (basic quantity + additional quantity) procurement contracts with the suppliers.

2. Risk of consolidate of sales and countermeasures:

The main target of copper foil sales is copper foil substrate and printed circuit board manufacturers. Printed circuit board customers are relatively scattered, and copper foil substrate customers are relatively concentrated. Sometimes the proportion of one single customer’s revenue exceeds 10%, which is an industry characteristic. In addition to strictly controlling credit risks, the Company has developed new customers to diversify business volume for reducing business concentration risks, and avoiding excessive reliance on one single customer.

(X) Effect Upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to A Director, Supervisor, or Shareholder Holding Greater Than a 10 Percent Stake In the Company has Been Transferred or has Otherwise Changed Hands, and Countermeasures: None.

(XI) Effect Upon and Risk to Company Associated With any Change in Governance Personnel or Top Management, and Countermeasures: None.

(XII) Litigious and Non-Litigious Matters. List Major Litigious, Non-litigious or Administrative Disputes that Involve the Company and/ or any Company Director, any Company Supervisor, the General Manager, any Person with Actual Responsibility for the Firm, any Major Shareholder Holding a Stake of Greater than 10 Percent, and/ or any Company or Companies Controlled by the Company, and have been Concluded by Means of a Final and Unappealable Judgment, or are Still under Litigation. Where Such a Dispute could Materially Affect Shareholders' Equity or the Prices of the Company's Securities: None.

(XIII) Other Important Risks, and Countermeasures:

1. Risk management policy

   In order to ensure the completeness of the Company's risk management system, the policy and guiding principles are specially formulated to implement the risk management check and balance mechanism and enhance the effectiveness of division of specialty for risk management. The Company builds a business strategic and organizational culture that emphasizes risk management. From the perspective of the Company as a whole, through a series of activities such as the identification, measurement, monitoring, response and reporting of potential risks, it keeps various risks that may be encountered during the operating activities within the scope may be sustained by the organization through the qualitative and quantitative manners. An overall risk management system is established, and jointly participated and implemented by the Board of Directors, managers and employees at all levels, to reasonably ensure the achievement of the Company's strategic goals.

2. Risk management organizational structure and functions

   (1) Board of Directors: The Board of Directors of the Company is the highest unit of the Company’s risk management. It aims to comply with laws and regulations, promote and implement the Company's overall

risk management, clearly understand the risks faced by the Company's operations, ensure the effectiveness of risk management, and be ultimately accountable for the risk management.

(2) Audit Office: The Company’s Audit Office is an independent department under the Board of Directors, with duties of internal control and internal audit. It is responsible for supervising and providing methods and procedures, to ensure that the Company conducts effective operational risk management.

(3) Finance Department: Responsible for investment, financing and other businesses, and responsible for the maintenance of the relationship between institutions and investors to reduce financial risks.

(4) Marketing Department: It is responsible for the Company’s product sales, and understands the future trends based on economic indicators and market information, formulates the Company’s sales plans, makes appropriate scheduling and adjustments based on market conditions, and strengthens services to create a win-win situation for both customers and the Company.

(5) Plant Affair Division: It is in charge of plant affairs and production management units, responsible for annual and monthly production planning, order delivery and production dispatch, inventory management, coordination of balance between production and sales, comprehensive management of plant affairs, cross-function coordination, employee performance appraisal and communication; these are all important functions of the Plant Affair Division.

(6) Occupational Safety Office: It is responsible for occupational safety and health management, formulates safety and health policies and supervise implementation, to ensure the safety and health of workers and reduce the risks and losses of occupational disasters.

(7) Production Center: production and yield management, target achievement and improvement, personnel production technology education and production operation management; it is responsible for the planning, execution and management of various work in the plants, promotion and execution of production technology improvement projects.

(8) Public Plant: It is responsible for the formulation and implementation of various equipment maintenance plans for the production plant and other units, to ensure that the production equipment meeting the requirements of product production and the normal operation of production, and to supply public fluids, water resources recovery, and sewage treatment in the entire plant zone, as well as construction planning, equipment repairing and planning, design, supervision and schedule management for construction improvement projects.

(9) Project Division: Construction planning, equipment repairing and planning, design,

supervision and schedule management for construction improvement projects.

(10) Quality Assurance Division: Reviewing product quality judgment results, reviewing and inspecting the shipment quality, planning and promoting the company-wide quality assurance system, to make it comply with standards and customer requirements, as well as maintains it effectively; implementing the replies from customer survey on the quality system, tracking and managing the complaints from customer for abnormality.

(11) Technology Division: It is responsible for the control and management of new product development evaluation, proposal, and trial production progress. Establish/revise the process conditions or parameters of the production unit, to make the production operation meeting the quality and yield requirements of the product, and issue to the production unit for implementation; analyses of the trial production and effectiveness for new products or new process conditions, and analyses and review of the improvement of the project.

(12) Procurement Department: It is responsible for procurement and outsourcing, and establishing a responding mechanism for raw material price changes and raw material supply shortages, to reduce the risk of procurement business.

3. Information security:

(1) Information security risk management structure

A. In order to ensure the confidentiality, integrity and security of information-related software and hardware, data, documents and personnel, Co-Tech Development measures the Company's business needs, while referring the relevant laws and regulations, to formulate Co-Tech Development's Information Security Policy.

B. Co-Tech Development has introduced information security and formulated an information security management structure. The information security management structure is divided into: 1. Information security related management guidelines; 2. Information security related forms.

(2) Information security management programs

A. Use network firewalls to control cyber threats.

B. E-mail security management sets up email auditing principles, and set up black and white lists to prevent information security problems caused by emails.

C. Information security system (central control anti-virus system) has been set up to prevent computer viruses from invading the Company's computers and networks.

D. Set up identity verification and password principle control, access authorization, among other things, to manage data security.

E. Data backup for ensuring the security of backup data with remote backup.

F. Conduct information security concept promotion to employees every year to strengthen the Company's overall information security concept.

G. Review information security protection measures and review and correct information security loopholes every year.

VII. Other Important Matters: None.

Eight. Special Disclosures

I. Related Information of Affiliated Companies

(I)Affiliated business merger report

1. Organization chart of affiliated companies

April 30, 2021

Parent	100% owned by subsidiary	100% owned by sub-subsidiary
Co-Tech Development Corp.	Co-Tech Copper Foil (BVI) Inc.	Jinqianbo International Trade (Shanghai) Limited company

2. Basic information of affiliated companies

Unit: NT$ thousand April 30, 2021

Related company	Date established	Address	Paid-in capital amount	Main business or production items
Co-Tech Copper Foil (BVI) Inc.	2002/6/24	Beaufort House, P. O. Box 438, Road Town, Tortola, British Virgin Islands	US$3,500 thousand	Investment business
Jinqianbo International Trade (Shanghai) Co., Ltd.	2003/12/3	F16, Second Floor, No. 215, North Fute Road, China (Shanghai) Pilot Free Trade Zone	US$200 thousand	Sales of copper foil

3. Information of the same shareholders who are presumed to have holdings and affiliation: None.

4. The industries covered by the business of the overall related company:

Main business:

(1) International trade, entrepot trade, inter-enterprise trade and trade agency business.

(2) Simple commercial processing and business consulting services.

(3) Warehousing and distribution business focusing on copper products and after-sales service of related products.

(4) Manufacturing and wholesaling of copper foil, glass and associated products, ceramic glassware, optical instruments and equipment and associated parts, photographic equipment and associated parts and accessories.

(5) Commissioning agency, importing and exporting and other related supporting services.

5. Information on directors, supervisors and general managers of related companies

April 30, 2021

<table>
<tr><th rowspan="2">Enterprise Name</th><th rowspan="2">Job Title
(Note 1)</th><th rowspan="2">Name or representative</th><th colspan="2">Number of shares held (Note 2) (Note 3)</th></tr>
<tr><th>Capital contribution or number of shares</th><th>Percentage of shareholdings</th></tr>
<tr><td>Co-Tech Copper Foil (BVI) Inc.</td><td>Directors</td><td>Co-Tech Development Corp.
Representative: Sung Kung-Yuan</td><td>US$3,500 thousand
3,500 thousand shares</td><td>100%</td></tr>
<tr><td rowspan="2">Jinqianbo International Trade (Shanghai) Co., Ltd.</td><td>Directors</td><td>Co-Tech Copper Foil (BVI) Inc.
Representative: Lee Shih-Shen</td><td>US$200 thousand</td><td>100%</td></tr>
<tr><td>President</td><td>Lee Shih-Shen</td><td>-</td><td>0%</td></tr>
</table>

Note 1: If the affiliated company is a foreign company, an equivalent position is listed.
Note 2: If the invested company is a company limited by shares, please fill in the number of shares and shareholdings ratio; otherwise, please fill in the capital contribution amount and capital contribution ratio and indicate it.
Note 3: When the directors and supervisors are corporate entities, the relevant information of the representatives shall be additionally disclosed.

6. Overview of operations of each affiliated company

Unit: NT$ thousand December 31, 2020

Enterprise Name	Capital	Total assets	Total liabilities	Equity	Revenue	Operating profit	Current profit and loss (After tax)
Co-Tech Copper Foil (BVI) Inc.	113,683	6,235	0	6,235	0	0	(2,280)
Jinqianbo International Trade (Shanghai) Co., Ltd.	5,808	15,640	10,726	4,914	31,139	1,246	(2,193)

Note: If the related company is a foreign company, the relevant figures should be converted into New Taiwan dollars as of the reporting date.

(II)Consolidated financial statements of related companies

For the consolidated financial statements of the parent and subsidiary companies, please refer to the "Consolidated Financial Report and Accountant Audit Report of Co-Tech Development Corp. and its subsidiaries" in Appendix 1.

(III)Relationship report: None.

II. Handling of Privately Placed Securities in the Most Recent Year and As of the Date of Publication of The Annual Report: None.

III. Status of Holding or Disposing of the Company’S Stocks by Subsidiaries in the Most Recent Year and as of the Date of Publication of the Annual Report: None.

IV. Other Necessary Supplementary Explanations:

(I) Commitment for OTC Listing has Been Completed

OTC listed company: Co-Tech Development Corp. Ticker: 8358
Listing date: September 27, 2010

Commitments for Listing	Handling of Commitment Items
Commitment to be added to the Procedures for the Acquisition or Disposal of Assets, to the effect that "the Company shall not waive capital increases of Co-Tech Copper Foil (BVI) Inc. (Co-Tech) in future years: Co-Tech Company shall not waive the capital increase to Jinqianbo International Trade (Shanghai) Co., Ltd.; in the future, if the Company, due to strategic alliance considerations or other considerations approved by this Center must give up the capital increase in the aforementioned company or dispose of the shares of the aforementioned company, this must be approved by a special resolution of the Board of Directors of Co-Tech Development Corp." Moreover, if some of the provisions for re-investment in respect to handling methods are revised in the future, this should be entered in the Market Observation Post System as a major information disclosure and a letter should be sent for reporting to the Center for future reference.	The following clauses have been added to the "Procedures for the Acquisition or Disposal of Assets" of the company, and a resolution has been passed by the second meeting of the fifth Board of Directors; and it has been submitted for a vote at the 2011 Shareholders' Meeting. After the presiding chair consulted with all shareholders, there was no objection and the proposal was passed accordingly; it was then entered into the Market Observation Post System for disclosure.

Nine. In the Most Recent Year and as of the Printing Date of the Annual Report, the Occurrence of The Matters That have a Significant Impact on Shareholders' Equity or Securities Prices as Specified in Article 36 Paragraph 3, Item 2 of The Securities and Exchange act: None.

Appendix 1

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

Company Code:：8358

Co-Tech Development Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CO-TECH DEVELOPMENT CORPORATION

By

RAYMOND SOONG
Chairman

January 27, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Co-Tech Development Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are as follows:

<u>Occurrence of Revenue</u>

Refer to Note 4 to the accompanying consolidated financial statements for disclosures regarding the accounting policies and detailed information on income.

The Group's revenue mainly comes from the production and sale of copper foil. The contribution of customers' sales is highly affected by the demand of the copper foil industry and the fluctuation of international copper prices. Since sales revenue recognized can have a significant impact on the Group's financial performance, and the main significant risk of the Group is the occurrence of sales revenue. Therefore, we identified the occurrence of revenue as a key audit matter.

In response to the key audit matter on the occurrence of revenue, we performed the following audit procedures:

1. We obtained an understanding and evaluated the appropriateness of the accounting policies on revenue recognition.

2. We obtained an understanding and evaluated the effectiveness of its internal control on revenue recognition to confirm the occurrence of sales.

3. We selected samples and tested sales transactions of the current year and checked the relevant internal and external vouchers to verify the shipments; we checked the sales target and the recipients of the payments and the post-receipt collections for any major abnormalities; we checked the general ledger of sales revenue for any significant debit amount; and we checked the sales returns and allowances ledger for any significant sales returns and discounts to confirm that sales transactions did occur.

Other Matter

We have also audited the parent company only financial statements of Co-Tech Development Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chin-Fu Chang and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

January 27, 2021

<u>*Notice to Readers*</u>

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

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,591,720	39	$ 2,701,677	39
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	29,297	-	12,542	-
Notes receivable (Notes 4 and 8)	74	-	-	-
Trade receivables (Notes 4 and 8)	1,585,710	24	1,539,939	23
Other receivables (Note 4)	89,731	1	8,087	-
Current tax assets (Notes 4 and 18)	24,236	-	24,888	-
Inventories (Notes 4 and 9)	478,953	7	428,277	6
Other current assets	46,474	1	40,913	1
Total current assets	4,846,195	72	4,756,323	69
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 24)	1,759,354	26	1,980,342	29
Right-of-use assets (Notes 4 and 12)	4,424	-	1,735	-
Other intangible assets, net (Note 4)	1,948	-	3,010	-
Deferred tax assets (Notes 4 and 18)	74,243	1	52,582	1
Refundable deposits	38,258	1	40,802	1
Other non-current assets	13,400	-	12,646	-
Total non-current assets	1,891,627	28	2,091,117	31
TOTAL	$ 6,737,822	100	$ 6,847,440	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 350,531	5	$ 605,216	9
Short-term bills payable (Note 13)	140,035	2	91,945	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	14	-	1,059	-
Trade payables	334,457	5	349,549	5
Other payables (Note 14)	277,830	4	267,521	4
Current tax liabilities (Notes 4 and 18)	113,202	2	3,125	-
Lease liabilities - current (Notes 4 and 12)	2,050	-	1,721	-
Current portion of long-term borrowings (Notes 13 and 24)	110,600	2	60,540	1
Other current liabilities	22,122	-	12,278	-
Total current liabilities	1,350,841	20	1,392,954	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 24)	165,900	2	276,500	4
Deferred tax liabilities (Notes 4 and 18)	8,839	-	5,171	-
Lease liabilities - non-current (Notes 4 and 12)	2,389	-	31	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	53,413	1	48,524	1
Total non-current liabilities	230,541	3	330,226	5
Total liabilities	1,581,382	23	1,723,180	25
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
Share capital				
Ordinary shares	2,525,880	37	2,525,880	37
Capital surplus	1,583,629	24	1,740,234	25
Retained earnings				
Legal reserve	282,039	4	242,369	4
Special reserve	8,279	-	7,992	-
Unappropriated earnings	764,915	12	616,064	9
Total retained earnings	1,055,233	16	866,425	13
Other equity	(8,302)	-	(8,279)	-
Total equity attributable to owners of the parent company	5,156,440	77	5,124,260	75
NON-CONTROLLING INTERESTS	-	-	-	-
Total equity	5,156,440	77	5,124,260	75
TOTAL	$ 6,737,822	100	$ 6,847,440	100

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Note 4)	$ 6,037,386	100	$ 5,220,914	100
COST OF GOODS SOLD (Notes 9 and 17)	5,069,304	84	4,436,981	85
GROSS PROFIT	968,082	16	783,933	15
OPERATING EXPENSES (Note 17)				
Selling and marketing expenses	(95,473)	(2)	(76,847)	(2)
General and administrative expenses	(67,069)	(1)	(71,862)	(1)
Research and development expenses	(66,687)	(1)	(50,583)	(1)
Reversal of expected credit losses	-	-	282	-
Total operating expenses	(229,229)	(4)	(199,010)	(4)
OPERATING INCOME	738,853	12	584,923	11
NON-OPERATING INCOME AND EXPENSES				
Interest income	10,572	-	15,482	-
Other income	8,334	-	12,858	-
Other gains and losses (Note 17)	(12,070)	-	(19,797)	-
Impairment loss recognized on disposal of property, plant and equipment	(62,336)	(1)	(45,934)	(1)
Finance costs (Note 17)	(11,494)	-	(21,295)	-
Total non-operating income and expenses	(66,994)	(1)	(58,686)	(1)
PROFIT BEFORE INCOME TAX	671,859	11	526,237	10
INCOME TAX EXPENSE (Notes 4 and 18)	(130,269)	(2)	(139,575)	(3)
NET PROFIT FOR THE YEAR	541,590	9	386,662	7

(Continued)

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 15)	$ (4,211)	-	$ (3,313)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(23)	-	(287)	-
Other comprehensive loss for the year, net of income tax	(4,234)	-	(3,600)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 537,356	9	$ 383,062	7
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 541,590	9	$ 396,701	7
Non-controlling interests	-	-	(10,039)	-
	$ 541,590	9	$ 386,662	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 537,356	9	$ 393,101	7
Non-trolling interests	-	-	(10,039)	-
	$ 537,356	9	$ 383,062	7
EARNINGS PER SHARE (Note 19)				
Basic	$2.14		$1.57	
Diluted	$2.14		$1.57	

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent Company								
	Issue of Shares Capital	Capital Surplus	Retained Earnings			Other Equity			
	Amount	Additional Paid-in Capital from Share Issuance in Excess of Par Value	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on translation of the Financial Statements Foreign Operations	Total	Non-controlling Interest	Total Equity
BALANCE AT JANUARY 1, 2019	$ 2,525,880	$ 1,740,234	$ 168,256	$ 7,702	$ 858,727	$ (7,992)	$ 5,292,807	$ 4,085	$ 5,296,892
Appropriation of 2018 earnings									
Legal reserve	-	-	74,113	-	(74,113)	-	-	-	-
Special reserve	-	-	-	290	(290)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(555,694)	-	(555,694)	-	(555,694)
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 20)	-	-	-	-	(5,954)	-	(5,954)	5,954	-
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	396,701	-	396,701	(10,039)	386,662
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(3,313)	(287)	(3,600)	-	(3,600)
BALANCE AT DECEMBER 31, 2019	2,525,880	1,740,234	242,369	7,992	616,064	(8,279)	5,124,260	-	5,124,260
Appropriation of 2019 earnings									
Legal reserve	-	-	39,670	-	(39,670)	-	-	-	-
Special reserve	-	-	-	287	(287)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(348,571)	-	(348,571)	-	(348,571)
Issuance of share dividends from capital surplus	-	(156,605)	-	-	-	-	(156,605)	-	(156,605)
Net profit for the year ended December 31, 2020	-	-	-	-	541,590	-	541,590	-	541,590
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,211)	(23)	(4,234)	-	(4,234)
BALANCE AT DECEMBER 31, 2020	$ 2,525,880	$ 1,583,629	$ 282,039	$ 8,279	$ 764,915	$ (8,302)	$ 5,156,440	$ -	$ 5,156,440

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 671,859	$ 526,237
Adjustments for:		
Depreciation expense	241,389	250,495
Amortization expense	1,062	1,053
Expected credit loss reversed on trade receivables	-	(282)
Net gain on fair value changes of financial assets as at fair value through profit or loss	(29,283)	(11,483)
Finance costs	11,494	21,295
Interest income	(10,572)	(15,482)
Net gain on disposal of property, plant and equipment	(28)	(68)
Impairment loss recognized on property, plant and equipment	62,336	45,934
Write-down of inventories	35,238	4,597
Net loss on foreign currency exchange	14,211	25,570
Other non-cash items	4,532	3,338
Changes in operating assets and liabilities		
Notes receivable	(74)	851
Trade receivables	(47,328)	(285,887)
Other receivables	(82,152)	(2,835)
Inventories	(85,914)	126,542
Other current assets	(5,561)	(9,317)
Trade payables	(15,908)	114,624
Other payables	20,404	21,642
Other current liabilities	9,844	8,585
Net defined benefit liabilities	(374)	(1,768)
Cash generated from operations	795,175	823,641
Interest received	11,080	15,356
Interest paid	(11,918)	(21,558)
Income tax paid	(36,481)	(199,884)
Net cash generated from operating activities	757,856	617,555
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(94,345)	(96,049)
Proceeds from disposal of property, plant and equipment	666	3,956
Increase in refundable deposits	-	(1,713)
Purchases of intangible assets	-	(480)
Decrease (increase) in other non-current assets	(754)	7,345
Net cash used in investing activities	(94,433)	(86,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	114,493
Repayments of short-term borrowings	(253,673)	-
Proceeds from short-term bills payable	48,659	-

(Continued)

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

	2020	2019
Repayments of short-term bills payable	$ -	$ (96,711)
Repayments of long-term borrowings	(60,540)	(21,853)
Repayment of the principal portion of lease liabilities	(2,638)	(2,850)
Cash dividends paid	(505,176)	(555,694)
Net cash used in financing activities	(773,368)	(562,615)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(12)	(235)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(109,957)	(32,236)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,701,677	2,733,913
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,591,720	$ 2,701,677

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Co-Tech Development Corporation (the "Company") was established in May 1998. The Company mainly manufactures and sells standard, low profile and high performance series of copper foil products to supply the printed circuit board industry.

The Company's shares have been traded on the Taipei Exchange (formerly known as Taiwan GreTai Securities Market) since September 2010.

For the purpose of resource integration and operational synergies, the Company merged with Essence Optics Technology Inc. with the Company as the surviving entity, and Essence Optics Technology Inc. was dissolved. The resolution was passed in the board of directors' meeting on February 20, 2020 and the merger took effect on February 24, 2020.

The consolidated financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on January 27, 2021.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

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

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

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

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period; and

- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 10 and Tables 3 and 4 for detailed information on subsidiaries, including the percentages of ownership and main businesses.

e. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of Company and its foreign operations (including subsidiaries and associates that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

Impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Refer to Note 22 for the determination of fair value of the financial assets.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

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

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 22.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and currency swaps.

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

k. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leases

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

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

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

m. Borrowing costs

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

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

1) Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31 2020	December 31 2019
Cash on hand	$ 283	$ 322
Checking accounts and demand deposits	421,437	651,355
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	2,170,000	2,050,000
	$ 2,591,720	$ 2,701,677

The following is the market interest rate range of bank deposits at the end of each reporting period:

	December 31 2020	December 31 2019
Bank deposit	0.001%-0.41%	0.001%-0.65%

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31 2020	December 31 2019
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 9,577
Currency swaps	29,297	2,965
	$ 29,297	$ 12,542
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 14	$ 1,059

At the end of the reporting period, outstanding foreign exchange forward contracts and currency swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2020			
Sell foreign exchange forward contracts	CNY/USD	2021.1.12	CNY818/USD125
Currency swaps	USD/NTD	2021.1.21-2021.8.13	USD30,200/NTD875,656
December 31, 2019			
Sell foreign exchange forward contracts	USD/NTD	2020.01.06-2020.03.23	USD26,500/NTD802,239
Sell foreign exchange forward contracts	CNY/USD	2020.01.06	CNY4,740/USD663
Currency swaps	USD/NTD	2020.01.13-2020.01.15	USD7,000/NTD212,335

The Group entered into foreign exchange forward contracts and cross-currency swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative contracts entered into by the Group did not meet the criteria for hedge accounting. Thus, the derivative contracts are classified as financial assets or financial liabilities at FVTPL.

8. NOTES AND TRADE RECEIVABLES, NET

	December 31	
	2020	**2019**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 74	$ -
Less: Allowance for impairment loss	-	-
	$ 74	$ -
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,585,710	$ 1,539,939
Less: Allowance for impairment loss	-	-
	$ 1,585,710	$ 1,539,939

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

December 31, 2020

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	$ 1,584,707	$ 830	$ -	$ -	$ 247	$ 1,585,784
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,584,707	$ 830	$ -	$ -	$ 247	$ 1,585,784

December 31, 2019

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0.41%	4.53%	100%	
Gross carrying amount	$ 1,536,294	$ 3,397	$ -	$ -	$ 248	$ 1,539,939
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,536,294	$ 3,397	$ -	$ -	$ 248	$ 1,539,939

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ -	$ 4,094
Less: Net remeasurement of loss allowance	-	(282)
Less: Amounts written off	-	(3,812)
Balance at December 31	$ -	$ -

9. INVENTORIES, NET

	December 31	
	2020	2019
Finished good	$ 269,590	$ 267,736
Work in progress	38,274	43,929
Raw materials	146,456	96,354
Supplies	24,633	20,258
	$ 478,953	$ 428,277

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 5,034,066	$ 4,432,384
Inventory write-downs	35,238	4,597
	$ 5,069,304	$ 4,436,981

10. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Nature of Activities	% of Ownership December 31 2020	% of Ownership December 31 2019
The Company	Co-Tech Copper Foil (BVI) Inc.	Investment activities	100	100
The Company	Essence Optics Technology Inc.	Manufacturing and selling of glass products	-	100
Co-Tech Copper Foil (BVI) Inc.	Co-Tech Copper Foil Shanghai Trade Ltd.	Selling of copper foil products	100	100

Essence Optics Technology Inc. decreased the share capital by 29,811 thousand ordinary shares to offset a deficit in November 2019. After the capital reduction, one share was issued. In December 2019, the Company subscribed 8,500 thousand shares of Essence Optics Technology Inc. for cash of $85,000 thousand. After the subscription, the Group increased its shareholding ratio from 91% to 100% of Essence Optics Technology Inc.

For the purpose of resource integration and operational synergies, the Company merged with Essence Optics Technology Inc. with the Company as the surviving entity, and Essence Optics Technology Inc. was dissolved. The resolution was passed in the board of directors' meeting on February 20, 2020 and the merger took effect on February 24, 2020.

b. Subsidiaries excluded from consolidated financial statements: None.

11. PROPERTY, PLANT AND EQUIPMENT, NET

	For the Year Ended December 31, 2019							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2019	$ 824,098	$ 1,363,087	$ 5,649,877	$ 44,161	$ 16,541	$ 12,644	$ 47,746	$ 7,958,174
Additions	-	9,062	21,433	-	29	2,716	39,043	72,283
Disposals	-	(2,164)	(33,878)	(507)	(2,459)	(3,066)	(340)	(42,414)
Effect of foreign currency exchange difference	-	-	-	(54)	(7)	-	-	(61)
Reclassification	-	9,865	17,316	-	-	-	(27,901)	(720)
December 31, 2019	$ 824,098	$ 1,379,850	$ 5,654,748	$ 43,600	$ 14,104	$ 12,314	$ 58,548	$ 7,987,262
Accumulated depreciation and impairment								
January 1, 2019	$ -	$ 956,662	$ 4,727,087	$ 39,130	$ 14,798	$ 10,538	$ 340	$ 5,748,555
Impairment losses	-	-	45,734	200	-	-	-	45,934
Depreciation expense	-	64,271	180,182	1,295	803	1,102	-	247,653
Disposals	-	(522)	(31,367)	(507)	(2,454)	(3,066)	(340)	(38,526)
Effect of foreign currency exchange difference	-	-	-	(28)	(6)	-	-	(34)
Reclassification	-	-	3,338	-	-	-	-	3,338
December 31, 2019	$ -	$ 1,020,411	$ 4,924,704	$ 40,090	$ 13,141	$ 8,574	$ -	$ 6,006,920
December 31, 2019, net	$ 824,098	$ 359,439	$ 730,044	$ 3,510	$ 963	$ 3,740	$ 58,548	$ 1,980,342

	For the Year Ended December 31, 2020							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2020	$ 824,098	$ 1,379,850	$ 5,654,748	$ 43,600	$ 14,104	$ 12,314	$ 58,548	$ 7,987,262
Additions	-	3,014	73,264	445	155	78	8,326	85,282
Disposals	-	-	(13,194)	(1,254)	(1,124)	(766)	-	(16,338)
Effect of foreign currency exchange difference	-	-	-	(12)	(1)	-	-	(13)
Reclassification	-	4,933	48,266	128	-	-	(53,327)	-
December 31, 2020	$ 824,098	$ 1,387,797	$ 5,763,084	$ 42,907	$ 13,134	$ 11,626	$ 13,547	$ 8,056,193
Accumulated depreciation and impairment								
January 1, 2020	$ -	$ 1,020,411	$ 4,924,704	$ 40,090	$ 13,141	$ 8,574	$ -	$ 6,006,920
Impairment losses	-	43,619	18,717	-	-	-	-	62,336
Depreciation expense	-	66,306	170,485	916	609	442	-	238,758
Disposals	-	-	(13,158)	(658)	(1,118)	(766)	-	(15,700)
Effect of foreign currency exchange difference	-	-	-	(6)	(1)	-	-	(7)
Reclassification	-	-	4,532	-	-	-	-	4,532
December 31, 2020	$ -	$ 1,130,336	$ 5,105,280	$ 40,342	$ 12,631	$ 8,250	$ -	$ 6,296,839
December 31, 2020, net	$ 824,098	$ 257,461	$ 657,804	$ 2,565	$ 503	$ 3,376	$ 13,547	$ 1,759,354

As the Group considers future operation plans and current capacity needs, for the plant and equipment not aligned with production need, the Company determines the amounts of assets by using the value in use and expects that there is no future cash inflow. Impairment loss was recognized at the amount of $62,336 thousand and $45,934 thousand and was presented under other gains or losses in the consolidated comprehensive income statements, for the years ended December 31, 2020 and 2019.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	
Main building	14-20 years
Plant construction	3-21 years
Machinery equipment	1-16 years
Transportation equipment	3-6 years
Office equipment	3-4 years
Other equipment	1-11 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 24.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Buildings	$ 3,403	$ 1,479
Transportation equipment	1,021	256
	$ 4,424	$ 1,735

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 5,325	$ 1,486
Depreciation charge for right-of-use assets		
Buildings	$ 1,865	$ 2,074
Transportation equipment	766	768
	$ 2,631	$ 2,842

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 2,050	$ 1,721
Non-current	$ 2,389	$ 31

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	1.615%-1.865%	1.865%
Transportation equipment	1.615%-1.865%	1.865%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 250	$ 24
Expenses relating to low-value asset leases	$ -	$ 301
Total cash outflow for leases	$ (2,932)	$ (3,233)

The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases.

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Letter of credit borrowings	$ 154,216	$ -
Bank loans	196,315	605,216
	$ 350,531	$ 605,216

The range of weighted average effective interest rates on bank loans was 0.54%-0.73% and 1.82%-2.53% per annum on December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31 2020	December 31 2019
Bank acceptances	$ 140,035	$ 91,945

Outstanding short-term bills payable were as follows:

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Collateral	Carrying Amount of Collateral
Bank acceptances					
Bank SinoPac	$ 41,705	$ -	$ 41,705	$ -	$ -
Far Eastern International Bank	31,229	-	31,229	-	-
Mega International Commercial Bank	26,414	-	26,414	-	-
Taipei Fubon Bank	22,503	-	22,503	-	-
Land Bank of Taiwan	18,184	-	18,184	-	-
	$ 140,035	$ -	$ 140,035	$ -	$ -

December 31, 2019

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Collateral	Carrying Amount of Collateral
Bank acceptances					
Hua Nan Commercial Bank	$ 36,862	$ -	$ 36,862	$ -	$ -
First Commercial Bank	19,730	-	19,730	-	-
Mega International Commercial Bank	17,875	-	17,875	-	-
Bank SinoPac	17,478	-	17,478	-	-
	$ 91,945	$ -	$ 91,945	$ -	$ -

c. Long-term borrowings

	Maturity Date	Major Clause	December 31 2020	2019
Floating rate borrowings				
Bank loans	2023.01.11	From January 11, 2018 to 2023, the line of credit of the bank borrowings from Bank SinoPac, secured by the Company's freehold land and buildings, was $340,000 thousand. The grace period is 2 years. After the grace period expires, payments will be made by installments of 6 months, and the principal amount will be amortized in 6 installments.	$ 276,500	$ 331,800
Bank loans	2020.06.23	From June 23, 2015 to 2020, the line of credit of the bank borrowings from Chang Hwa Commercial Bank, secured by the Company's machinery, was $70,000 thousand. The grace period is 2 years. After the grace period expires, payments will be made by installments of 3 months, and the principal amount will be amortized in 12 installments.	-	5,240
			276,500	337,040
Less: Current portion			(110,600)	(60,540)
			$ 165,900	$ 276,500
Interest rate			1.615%	1.865%-1.96%

During the term of loan contract, the Group shall maintain the following financial ratios:

1) Current ratio: The ratio of current assets to current liabilities shall not be less than 100%.

2) Debt ratio: The ratio of total liabilities to (shareholders' equity minus intangible assets) shall not be higher than 200%.

3) Net tangible assets: Shall not be less than $1,700,000 thousand.

The financial ratios are based on the interim and annual consolidated financial statements which have been audited. The Company complies with the financial ratio specifications.

14. OTHER LIABILITIES

	December 31 2020	2019
Payables for salaries or bonuses	$ 63,252	$ 60,195
Payables for utility	47,190	45,138
Payables for equipment	22,004	31,067
Payables for repair and maintenance	19,227	17,315
Payables for compensation of employees and remuneration of directors	17,227	11,839
Payables for annual leave	9,970	9,780
Others	98,960	92,187
	$ 277,830	$ 267,521

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and Essence Optics Technology Inc. of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Also, Co-Tech Copper Foil Shanghai Trade Ltd. contributes the retirement benefit in accordance the provisions of the local government, and the remaining subsidiaries did not have employee retirement plans due to no employees.

b. Defined benefit plans

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

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

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 69,724	$ 63,867
Fair value of plan assets	(16,311)	(15,343)
Net defined benefit liabilities (assets)	$ 53,413	$ 48,524

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2019	$ 60,880	$ (14,729)	$ 46,151
Current service cost	-	-	-
Net interest expense (income)	837	(213)	624
Recognized in profit or loss	837	(213)	624
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(430)	(430)
Actuarial loss - changes in demographic assumptions	1,658	-	1,658

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial loss - changes in financial assumptions	$ 1,259	$ -	$ 1,259
Actuarial loss - experience adjustments	1,654	-	1,654
Recognized in other comprehensive loss (gain)	4,571	(430)	4,141
Contributions from the employer	-	(1,585)	(1,585)
Benefits paid	(1,614)	1,614	-
Company paid	(807)	-	(807)
Balance at December 31, 2019	63,867	(15,343)	48,524
Current service cost	-	-	-
Net interest expense (income)	639	(162)	477
Recognized in profit or loss	639	(162)	477
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(486)	(486)
Actuarial loss - changes in demographic assumptions	784	-	784
Actuarial loss - changes in financial assumptions	4,797	-	4,797
Actuarial loss - experience adjustments	168	-	168
Recognized in other comprehensive loss (gain)	5,749	(486)	5,263
Contributions from the employer	-	(1,658)	(1,658)
Benefits paid	(1,338)	1,338	-
Others	807	-	807
Balance at December 31, 2020	$ 69,724	$ (16,311)	$ 53,413

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

	December 31	
	2020	2019
Discount rate	0.500%	1.000%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2020	2019
Discount rate		
0.25% increase	$ (2,457)	$ (2,329)
0.25% decrease	$ 2,570	$ 2,438
Expected rate of salary increase		
0.25% increase	$ 2,483	$ 2,369
0.25% decrease	$ (2,388)	$ (2,275)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	$ 1,681	$ 1,622
The average duration of the defined benefit obligation	14.3 years	14.9 years

16. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	300,000	300,000
Amount of shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	252,588	252,588
Amount of shares issued	$ 2,525,880	$ 2,525,880

b. Capital surplus

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares and the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition) and donations may be used to offset a deficit. In addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (restricted to a certain percentage of the Company's capital surplus).

Investments accounted for using the equity method, the capital surplus arising from employees' shares and share options may not be used for any purposes.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the accumulated legal reserve is equal to the total capital of the Company, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors refer to compensation of employees and remuneration of directors in Note 17-e.

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. In consideration of the funding needs and the degree of diluted earnings per share, the distribution will be made in the form of share dividends or cash dividends. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 10% of the total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings on June 10, 2020 and June 13, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 39,670	$ 74,113
Special reserve	$ 287	$ 290
Cash dividends	$ 348,571	$ 555,694
Cash dividends per share (NT$)	$ 1.38	$ 2.2

On June 10, 2018, the Company's shareholders also resolved in the shareholders' meeting to issue cash dividends of $156,605 thousand ($0.62 per share) from the capital surplus.

The appropriation of earnings for 2020 was proposed by the Company's board of directors on January 27, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 53,738
Special reserve	$ 23
Cash dividends	$ 482,443
Cash dividends per share (NT$)	$ 1.91

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on June 28, 2021.

On January 27, 2021, the Company's board of directors proposed to issue cash dividends of $22,733 thousand ($0.09 per share) from the capital surplus and will be resolved by the shareholders in their meeting to be held on June 28, 2021.

17. PROFIT BEFORE TAX

Net income included the following items:

a. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange gains/(losses)	$ (35,467)	$ (26,951)
Fair value changes of financial assets and financial liabilities as at FVTPL	29,283	11,483
Net gain on disposal of property, plant and equipment	28	68
Others	(5,914)	(4,397)
	$ (12,070)	$ (19,797)

b. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 11,450	$ 21,237
Interest on lease liabilities	44	58
	$ 11,494	$ 21,295

c. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Recognized in operating costs	$ 208,429	$ 234,138
Recognized in operating expenses	32,960	16,357
	$ 241,389	$ 250,495
An analysis of amortization by function		
Recognized in operating costs	$ -	$ 1
Recognized in operating expenses	1,062	1,052
	$ 1,062	$ 1,053

d. Employee benefit expenses

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	$ 10,299	$ 11,761
Defined benefit plans (Note 15)	477	624
	10,776	12,385
Other employee benefits	284,448	271,922
	$ 295,224	$ 284,307
Employee benefit expenses summarized by function		
Recognized in operating costs	$ 235,705	$ 215,246
Recognized in operating expenses	59,519	69,061
	$ 295,224	$ 284,307

e. Compensation of employees and remuneration of directors

The Company distributed compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2020 and 2019, which have been approved by the Company’s board of directors on January 27, 2021 and February 20, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	1.5%	1.5%
Remuneration of directors	1.0%	1.0%

Amount

	For the Year Ended December 31	
	2020	2019
Compensation of employees	$ 10,336	$ 7,103
Remuneration of directors	$ 6,891	$ 4,736

If there is a change in the proposed amounts after issuance of the annual consolidated financial report, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

There was no difference between the actual amounts of compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 104,247	$ 98,439
Foreign exchange losses	(139,714)	(125,390)
Net (losses)	$ (35,467)	$ (26,951)

18. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current income tax expense		
In respect of the current year	$ 149,683	$ 71,509
Income tax on unappropriated earnings	-	5,367
Adjustments for prior year	(2,473)	(124)
	147,210	76,752
Deferred tax		
In respect of the current year	(16,271)	62,557
Adjustments for prior year	(670)	266
	(16,941)	62,823
Income tax expense recognized in profit or loss	$ 130,269	$ 139,575

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2020	2019
Income before income tax	$ 671,859	$ 526,237
Income tax expense calculated at the statutory rate	$ 134,372	$ 105,247
Income tax on unappropriated earnings	-	5,367
Nondeductible items in determining taxable income (deductible)	(960)	(32,829)
Unrecognized deductible temporary differences	110	61,837
Investment gains of foreign operations	(456)	(763)
Effect of different tax rates of entities in the Group operating in other jurisdictions	346	574
Adjustments for prior year's tax	(3,143)	142
Income tax expense recognized in profit or loss	$ 130,269	$ 139,575

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plans	$ 1,052	$ 828

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 24,236	$ 24,888
Current tax liabilities		
Income tax payable	$ 113,202	$ 3,125

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 16,248	$ 456	$ -	$ 16,704
Defined benefit obligations	9,839	(236)	1,052	10,655
Unrealized loss on inventories	1,096	7,048	-	8,144
Unrealized foreign exchange losses	7,788	560	-	8,348
Valuation losses on financial instruments	212	(209)	-	3
Revenue recognized	5,653	1,437	-	7,090
Unrealized impairment loss of property, plant and equipment	9,221	11,042	-	20,263
Others	2,525	511	-	3,036
	$ 52,582	$ 20,609	$ 1,052	$ 74,243

Deferred Tax Liabilities	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Valuation gains on financial instruments	$ 2,509	$ 3,351	$ -	$ 5,860
Unrealized foreign exchange gains	2,662	317	-	2,979
	$ 5,171	$ 3,668	$ -	$ 8,839

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 15,485	$ 763	$ -	$ 16,248
Defined benefit obligations	9,206	(195)	828	9,839
Unrealized loss on inventories	3,899	(2,803)	-	1,096
Unrealized foreign exchange losses	1,155	6,633	-	7,788
Valuation losses on financial instruments	242	(30)	-	212
Revenue recognized	5,964	(311)	-	5,653
Unrealized impairment loss of property, plant and equipment	4,289	4,932	-	9,221
Others	7,244	(4,719)	-	2,525
Loss carryforwards	62,528	(62,528)	-	-
	$ 110,012	$ (58,258)	$ 828	$ 52,582

Deferred Tax Liabilities	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Valuation gains on financial instruments	$ 188	$ 2,321	$ -	$ 2,509
Unrealized foreign exchange gains	418	2,244	-	2,662
	$ 606	$ 4,565	$ -	$ 5,171

e. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities. The Group agreed with the tax authorities' assessment of tax returns.

19. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Profit for the year attributable to owners of the Company	$ 541,590	$ 396,701
Effects of potentially dilutive ordinary shares:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 541,590	$ 396,701

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	252,588	252,588
Effects of potentially dilutive ordinary shares:		
Compensation of employees	220	200
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	252,808	252,788

The Group may settle the bonuses or remuneration paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the bonus or remuneration will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Essence Optics Technology Inc. decreased the share capital by 29,811 thousand ordinary shares to offset a deficit in November 2019. After the capital reduction, one share was issued. In December 2019, the Company subscribed 8,500 thousand shares of Essence Optics Technology Inc. for cash of $85,000 thousand. After the subscription, the Group increased its shareholding ratio from 91% to 100% of Essence Optics Technology Inc.

Since the transactions did not change the Group's control over these subsidiaries, the Group treats them as equity transactions.

	Essence Optics Technology Inc.
Consideration paid	$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(5,954)
Differences recognized from equity transactions	$ (5,954)
Line items adjusted for equity transactions	
Retained earnings	$ (5,954)

21. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 29,297	$ -	$ 29,297
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 14	$ -	$ 14

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 12,542	$ -	$ 12,542
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 1,059	$ -	$ 1,059

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial assets at FVTPL - Currency swaps	Discounted cash flow. Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.

b. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 29,297	$ 12,542
Financial assets at amortized costs (1)	4,305,493	4,290,505
Financial liabilities		
FVTPL		
Held for trading	14	1,059
Amortized cost (2)	1,288,904	1,569,457

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, trade payables, other payables, and long-term loans.

c. Financial risk management objectives and policies

The Group's major financial instruments include notes receivable and trade receivables, other receivables, refundable deposits, short-term bills payable, trade payables, other payables, and loans. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a foreign exchange forward contracts to manage its exposure to foreign currency risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured

a) Foreign currency risk

The Group's had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

<u>Sensitivity analysis</u>

The Group was mainly exposed to the fluctuation of the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening against the relevant currency. For a weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ (4,968)	$ (9,208)

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 1,570,000	$ 550,000
Financial liabilities	140,035	91,945
Cash flow interest rate risk		
Financial assets	1,059,693	2,192,155
Financial liabilities	627,031	942,256

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $2,163 thousand and $6,249 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets; and the maximum amount the entity would have to pay if the financial guarantee is called upon.

The receivables from major customers amounted to $976,231 thousand and $955,289 thousand, which both accounted for more than 40% of total trade receivables as of December 31, 2020 and 2019, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 375,984	$ 109,709	$ 126,594	$ -	$ -
Lease liabilities undiscounted	204	346	1,555	2,417	-
Debt instruments	369,409	176,652	55,775	168,579	-
	$ 745,597	$ 286,707	$ 183,924	$ 170,996	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 329,491	$ 161,055	$ 126,524	$ -	$ -
Lease liabilities undiscounted	238	475	1,018	31	-
Debt instruments	475,624	153,116	131,349	281,657	-
	$ 805,353	$ 314,646	$ 258,891	$ 281,688	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 3,505	$ -	$ -
Outflows	(3,519)	-	-
	$ (14)	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Net settled			
Foreign exchange forward contracts			
Outflows	$ -	$ (440)	$ -
Gross settled			
Foreign exchange forward contracts			
Inflows	-	79,647	-
Outflows	-	(80,266)	-
	-	(619)	-
	$ -	$ (1,059)	$ -

c) Financing facilities

	December 31 2020	December 31 2019
Amount unused	$ 3,815,434	$ 4,276,839

23. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries (the Company's related parties), which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

Compensation of key management personnel

	For the Year Ended December 31	
	2020	**2019**
Short-term employee benefits	$ 37,611	$ 36,390
Post-employment benefits	1,194	1,322
	$ 38,805	$ 37,712

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2020	**2019**
Land	$ 345,346	$ 345,346
Buildings, net	101,475	108,261
Machinery, net	-	60,692
	$ 446,821	$ 514,299

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2020	**2019**
USD	$ 14,089	$ 11,119
JPY	-	20,280

b. Unrecognized commitments for the acquisition of property, plant and equipment were as follows:

	December 31	
	2020	**2019**
USD	$ 755	$ 684
NTD	27,011	48,015

Unpaid amount were as follow:

	December 31	
	2020	2019
USD	$ 327	$ 374
NTD	6,712	22,204

26. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the global economic situation is still facing high risks and uncertainties. However, the Group's operating revenue was $6,037,386 thousand in 2020, 16% higher than the same period last year; net income was 541,590 thousand, 40% higher than the same period last year with EPS of $2.14. The Group's operations were normal, and there was no asset impairment or financing risk due to the epidemic in 2020.

27. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In response to the world's fifth-generation mobile network (5G) infrastructure and artificial intelligence-related applications (including network switches, servers, storage, base stations, etc.). On January 27, 2021, the Company's board of directors approved the construction of the third high-frequency and high-speed copper foil plant in Yunlin Technology-based Industrial Park with an annual production capacity of 10,800 tons that cost within NT$4.05 billion.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Group's functional currency, and the exchange rates between the respective foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 56,497	28.045 (USD:NTD)	$ 1,584,452
CNY	1,168	4.3026 (CNY:NTD)	5,026
Non-monetary items			
Derivative instruments			
USD	30,200	28.045 (USD:NTD)	29,297
Financial liabilities			
Monetary items			
USD	29,839	28.045 (USD:NTD)	836,846
Non-monetary items			
Derivative instruments			
CNY	818	4.3026 (CNY:NTD)	14

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 53,073	29.93 (USD:NTD)	$ 1,588,489
CNY	5,914	4.503 (CNY:NTD)	25,458
Non-monetary items			
Derivative instruments			
USD	27,500	29.93 (USD:NTD)	12,542
Financial liabilities			
Monetary items			
USD	25,727	29.93 (USD:NTD)	769,995
Non-monetary items			
Derivative instruments			
USD	6,000	29.93 (USD:NTD)	483
CNY	4,740	4.503 (CNY:NTD)	576

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2020		2019	
Foreign Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gain (Loss)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ (35,467)	1 (NTD:NTD)	$ (26,951)
CNY	4.2661 (CNY:NTD)	-	4.4933 (CNY:NTD)	-
		$ (35,467)		$ (26,951)

29. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided: None.

2) Endorsements/guarantees provided: (Table 1).

3) Marketable securities held (excluding investments in subsidiaries): None.

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: (Note 7).

10) Intercompany relationships and significant intercompany transactions: (Table 2).

b. Information on investees: (Table 3).

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 4).

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 5).

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6).

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

Copper foil
Others

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Income	
	For The Years Ended December 31		For The Years Ended December 31	
	2020	2019	2020	2019
Copper foil	$ 6,037,386	$ 5,220,901	$ 738,853	$ 621,504
Others	-	13	-	(36,581)
	6,037,386	5,220,914	738,853	584,923
Less: Inter-segment revenue or income	-	-	-	-
Total	$ 6,037,386	$ 5,220,914	738,853	584,923
Interest income			10,572	15,482
Other Income			8,334	12,858
Other gains and losses			(12,070)	(19,797)
Impairment loss recognized on property, plant and equipment			(62,336)	(45,934)
Finance costs			(11,494)	(21,295)
Profit before tax			$ 671,859	$ 526,237

Segment profit represents the profit before tax earned by each segment without interest income, other income, other gains or losses, impairment loss recognized on property, and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Also, the measure of assets and liabilities were not provide to the chief operating decision maker.

b. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

The Group’s revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Taiwan	$ 797,957	$ 859,637	$ 1,817,332	$ 2,037,276
China	4,397,199	3,637,629	52	1,259
Korea	526,475	543,191	-	-
Others	315,755	180,457	-	-
	$ 6,037,386	$ 5,220,914	$ 1,817,384	$ 2,038,535

Non-current assets exclude deferred tax assets.

c. Information about major customers

Single customers contributing 10% or more to the Group’s revenue for both 2020 and 2019 were as follows:

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Customer A	$ 1,263,859	21	$ 1,127,200	22
Customer B	936,073	16	214,977	4

TABLE 1

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Co-Tech Development Corporation	Essence Optics Technology Inc.	A subsidiary in which the Company holds directly over 50% of equity interest.	$ 515,644	$ 280,000	$ -	$ -	$ -	5	$ 2,578,220	Yes	No	No	

Note 1: The relationship between the Company and endorsee/guarantee are as follows: Maximum endorsement guarantee amount 5,156,440 (net assets are based on the latest audited financial statements) x 50% = 2,578,220. The limit on endorsement/guarantee amount provided to each guaranteed party 5,156,440 (net assets are based on the latest audited financial statements) x 10% = 515,644.

Note 2: The intercompany transactions have been eliminated upon consolidation.

TABLE 2

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Co-Tech Development Corporation	Co-Tech Copper Foil Shanghai Trade Ltd.	a.	Sales revenue	$ 29,197	Settled monthly (90-120 days)	-
				Trade receivables	3,522	Settled monthly (90-120 days)	-

Note 1: The parent company and its subsidiaries are coded as follows:

a. The parent company is coded “0”.
b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationship is as follows:

a. From the parent company to its subsidiary.
b. From a subsidiary to its parent company.
c. Between subsidiaries.

Note 3: The intercompany transactions have been eliminated upon consolidation.

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Co-Tech Development Corporation	CO-TECH COPPER FOIL (BVI) INC.	Virgin Islands	Investment activities	$ 113,683	$ 113,683	3,500	100	$ 6,235	$ (2,280)	$ (2,280)	Subsidiary
	Essence Optics Technology Inc.	Yunlin County	Manufacturing and selling of glass products	-	85,000	-	-	-	(5,259)	(5,259)	Subsidiary

Note: Refer to Table 4 for information on investments in mainland China.

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
CO-TECH COPPER FOIL SHANGHAI TRADE LTD.	Selling of copper foil products	Registered and paid-in capital of US$200	Note 1	$ 6,796	$ -	$ -	$ 6,796	$ (2,193)	100	$ (2,193)	$ 4,914	$ -

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 6,796	US$ 200	$3,093,864 (Note 3)

Note 1: Indirect investment in mainland China through CO-TECH COPPER FOIL (BVI) INC.

Note 2: Investment gain (loss) was recognized based on the Company's audited financial statements.

Note 3: Net assets value x 60% = $5,156,440 x 60% = $3,093,864.

TABLE 5

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
CO-TECH COPPER FOIL SHANGHAI TRADE LTD.	Sale	$ 29,917	-	Normal	Settled monthly (90-120 days)	No significant difference	$ 3,522	-	$ -

TABLE 6

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
SONG, GONG-YUAN	13,812,998	5.46

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Appendix 2

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

Company Code:：8358

Co-Tech Development Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Co-Tech Development Corporation

Opinion

We have audited the accompanying financial statements of Co-Tech Development Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Company's financial statements for the year ended December 31, 2020 are as follows:

Occurrence of Revenue

Refer to Note 4 to the accompanying financial statements for disclosures regarding the accounting policies and detailed information on income.

The Company's revenue mainly comes from the production and sale of copper foil. The contribution of customers' sales is highly affected by the demand of the copper foil industry and the fluctuation of international copper prices. Since sales revenue recognized can have a significant impact on the Company's financial performance, and the main significant risk of the Company is the occurrence of sales revenue. Therefore, we identified the occurrence of revenue as a key audit matter.

In response to the key audit matter on the occurrence of revenue, we performed the following audit procedures:

1. We obtained an understanding and evaluated the appropriateness of the accounting policies on revenue recognition.

2. We obtained an understanding and evaluated the effectiveness of its internal control on revenue recognition to confirm the occurrence of sales.

3. We selected samples and tested sales transactions of the current year and checked the relevant internal and external vouchers to verify the shipments; we checked the sales target and the recipients of the payments and the post-receipt collections for any major abnormalities; we checked the general ledger of sales revenue for any significant debit amount; and we checked the sales returns and allowances ledger for any significant sales returns and discounts to confirm that sales transactions did occur.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ching-Fu Chang and Yung Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

January 27, 2021

<u>*Notice to Readers*</u>

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

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

CO-TECH DEVELOPMENT CORPORATION

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,575,431	38	$ 2,588,826	39
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	29,297	1	12,542	-
Notes receivable (Notes 4 and 8)	74	-	-	-
Trade receivables (Notes 4 and 8)	1,585,463	24	1,539,691	24
Trade receivables from related parties (Notes 4, 8 and 23)	3,522	-	-	-
Other receivables (Note 4)	85,903	1	4,511	-
Current tax assets (Notes 4 and 18)	24,236	-	24,888	-
Inventories (Notes 4 and 9)	478,953	7	392,122	6
Other current assets	46,407	1	38,383	1
Total current assets	4,829,286	72	4,600,963	70
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	6,235	-	22,179	-
Property, plant and equipment (Notes 4, 11 and 24)	1,759,332	26	1,837,028	28
Right-of-use assets (Notes 4 and 12)	4,393	-	1,107	-
Other intangible assets, net (Note 4)	1,948	-	3,010	-
Deferred tax assets (Notes 4 and 18)	74,243	1	52,582	1
Refundable deposits	38,258	1	40,802	1
Other non-current assets	13,400	-	12,646	-
Total non-current assets	1,897,809	28	1,969,354	30
TOTAL	$ 6,727,095	100	$ 6,570,317	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 350,531	5	$ 335,216	5
Short-term bills payable (Note 13)	140,035	2	91,945	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	14	-	1,059	-
Trade payables	334,457	5	349,549	5
Other payables (Note 14)	277,346	4	266,281	4
Current tax liabilities (Notes 4 and 18)	113,202	2	3,125	-
Lease liabilities - current (Notes 4 and 12)	2,019	-	1,117	-
Current portion of long-term borrowings (Notes 13 and 24)	110,600	2	55,300	1
Other current liabilities	11,910	-	12,270	-
Total current liabilities	1,340,114	20	1,115,862	17
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 24)	165,900	2	276,500	4
Deferred tax liabilities (Notes 4 and 18)	8,839	-	5,171	-
Lease liabilities - non-current (Notes 4 and 12)	2,389	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	53,413	1	48,524	1
Total non-current liabilities	230,541	3	330,195	5
Total liabilities	1,570,655	23	1,446,057	22
EQUITY (Note 16)				
Share capital				
Ordinary shares	2,525,880	38	2,525,880	38
Capital surplus	1,583,629	23	1,740,234	27
Retained earnings				
Legal reserve	282,039	4	242,369	4
Special reserve	8,279	-	7,992	-
Unappropriated earnings	764,915	12	616,064	9
Total retained earnings	1,055,233	16	866,425	13
Other equity	(8,302)	-	(8,279)	-
Total equity	5,156,440	77	5,124,260	78
TOTAL	$ 6,727,095	100	$ 6,570,317	100

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

CO-TECH DEVELOPMENT CORPORATION

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 4 and 23)	$ 6,036,163	100	$ 5,220,363	100
COST OF GOODS SOLD (Notes 9 and 17)	(5,065,663)	(84)	(4,406,992)	(84)
GROSS PROFIT	970,500	16	813,371	16
OPERATING EXPENSES (Note 17)				
Selling and marketing expenses	(95,460)	(2)	(75,614)	(2)
General and administrative expenses	(63,411)	(1)	(64,269)	(1)
Research and development expenses	(66,307)	(1)	(48,590)	(1)
Reversal of expected credit losses	-	-	282	-
Total operating expenses	(225,178)	(4)	(188,191)	(4)
OPERATING INCOME	745,322	12	625,180	12
NON-OPERATING INCOME AND EXPENSES				
Interest income	10,557	-	15,433	-
Other income	8,333	-	12,834	-
Other gains and losses (Note 17)	(11,953)	-	(19,778)	-
Impairment loss recognized on property, plant and equipment (Note 11)	(62,336)	(1)	(45,934)	(1)
Finance costs (Notes 4 and 17)	(10,525)	-	(15,134)	-
Share of loss of subsidiaries (Note 4)	(7,539)	-	(110,875)	(2)
Total non-operating income and expenses	(73,463)	(1)	(163,454)	(3)
PROFIT BEFORE INCOME TAX	671,859	11	461,726	9
INCOME TAX EXPENSE (Notes 4 and 18)	(130,269)	(2)	(65,025)	(1)
NET PROFIT FOR THE YEAR	541,590	9	396,701	8

(Continued)

CO-TECH DEVELOPMENT CORPORATION

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 15)	$ (4,211)	-	$ (3,313)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(23)	-	(287)	-
Other comprehensive loss for the year, net of income tax	(4,234)	-	(3,600)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 537,356	9	$ 393,101	8
EARNINGS PER SHARE (Note 19)				
Basic	$2.14		$1.57	
Diluted	$2.14		$1.57	

The accompanying notes are an integral part of the financial statements. (Concluded)

CO-TECH DEVELOPMENT CORPORATION

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

	Issue of Shares Capital	Capital Surplus	Retained Earnings			Other Equity	
	Amount	Additional Paid-in Capital from Share Issuance in Excess of Par Value	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2019	$ 2,525,880	$ 1,740,234	$ 168,256	$ 7,702	$ 858,727	$ (7,992)	$ 5,292,807
Appropriation of 2018 earnings							
Legal reserve	-	-	74,113	-	(74,113)	-	-
Special reserve	-	-	-	290	(290)	-	-
Cash dividends distributed by the Company	-	-	-	-	(555,694)	-	(555,694)
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 20)	-	-	-	-	(5,954)	-	(5,954)
Net profit for the year ended December 31, 2019	-	-	-	-	396,701	-	396,701
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(3,313)	(287)	(3,600)
BALANCE AT DECEMBER 31, 2019	2,525,880	1,740,234	242,369	7,992	616,064	(8,279)	5,124,260
Appropriation of 2019 earnings							
Legal reserve	-	-	39,670	-	(39,670)	-	-
Special reserve	-	-	-	287	(287)	-	-
Cash dividends distributed by the Company	-	-	-	-	(348,571)	-	(348,571)
Issuance of share dividends from capital surplus	-	(156,605)	-	-	-	-	(156,605)
Net profit for the year ended December 31, 2020	-	-	-	-	541,590	-	541,590
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,211)	(23)	(4,234)
BALANCE AT DECEMBER 31, 2020	$ 2,525,880	$ 1,583,629	$ 282,039	$ 8,279	$ 764,915	$ (8,302)	$ 5,156,440

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

CO-TECH DEVELOPMENT CORPORATION

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 671,859	$ 461,726
Adjustments for:		
Depreciation expense	236,748	224,941
Amortization expense	1,062	994
Expected credit loss reversed on trade receivables	-	(282)
Net gain on fair value changes of financial assets as at fair value through profit or loss	(29,283)	(11,483)
Finance costs	10,525	15,134
Interest income	(10,557)	(15,433)
Share of profit of subsidiaries	7,539	110,875
Net gain on disposal of property, plant and equipment	(33)	-
Impairment loss recognized on property, plant and equipment	62,336	45,934
Write-down of inventories (reversal of write-down)	35,238	(212)
Net loss on foreign currency exchange	14,231	25,570
Other non-cash items	4,532	3,338
Changes in operating assets and liabilities		
Notes receivable	(74)	851
Trade receivables	(47,328)	(285,904)
Trade receivables from related parties	(3,543)	2,162
Other receivables	(81,900)	(3,026)
Inventories	(85,914)	126,348
Other current assets	(5,638)	(8,436)
Trade payables	(15,908)	114,624
Other payables	21,037	22,731
Other current liabilities	(360)	8,586
Net defined benefit liabilities	(374)	(1,768)
Cash generated from operations	784,195	837,270
Interest received	11,065	15,307
Interest paid	(10,949)	(15,389)
Income tax paid	(36,481)	(199,884)
Net cash generated from operating activities	747,830	637,304
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(94,345)	(92,324)
Proceeds from disposal of property, plant and equipment	69	-
Increase in refundable deposits	-	(1,713)
Purchases of intangible assets	-	(480)
Net cash inflow on acquisition of subsidiary (Note 10)	106,569	-
Decrease (increase) in other non-current assets	(754)	4,888
Net cash generated from (used in) investing activities	11,539	(89,629)

(Continued)

CO-TECH DEVELOPMENT CORPORATION

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

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ -	$ 114,493
Repayments of short-term borrowings	(258,913)	-
Proceeds from short-term bills payable	48,659	-
Repayments of short-term bills payable	-	(96,711)
Repayments of long-term borrowings	(55,300)	-
Repayment of the principal portion of lease liabilities	(2,034)	(2,034)
Cash dividends paid	(505,176)	(555,694)
Acquisition of additional interests in subsidiary	-	(85,000)
Net cash used in financing activities	(772,764)	(624,946)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,395)	(77,271)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,588,826	2,666,097
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,575,431	$ 2,588,826

The accompanying notes are an integral part of the financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Co-Tech Development Corporation (the "Company") was established in May 1998. The Company mainly manufactures and sells standard, low profile and high performance series of copper foil products to supply the printed circuit board industry.

The Company's shares have been traded on the Taipei Exchange (formerly known as Taiwan GreTai Securities Market) since September 2010.

For the purpose of resource integration and operational synergies, the Company merged with Essence Optics Technology Inc. with the Company as the surviving entity, and Essence Optics Technology Inc. was dissolved. The resolution was approved in the board of directors' meeting on February 20, 2020 and the merger took effect on February 24, 2020.

The financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on January 27, 2021.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

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

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

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

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company uses the equity method to account for investments in subsidiary. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between standalone basis and consolidated basis were made to investments accounted for the using equity method and the share of profit or loss of subsidiary, as appropriate, in these financial statements.

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

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period; and

- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting financial statements, the assets and liabilities of the Company’s foreign operations (including subsidiaries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries

Investments in subsidiary is accounted for using the equity method.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company’s share of the change in other equity of the subsidiary.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements.

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

Impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Refer to Note 22 for the determination of fair value of the financial assets.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 22.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and currency swaps.

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

k. Revenue recognition

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

● Revenue from the sale of goods

Revenue from the sale of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leases

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

1) The Company as lessor

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

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

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

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

m. Borrowing costs

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

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

1) Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 206	$ 206
Checking accounts and demand deposits	405,225	538,620
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	2,170,000	2,050,000
	$ 2,575,431	$ 2,588,826

The following is the market interest rate range of bank deposits at the end of each reporting period:

	December 31	
	2020	**2019**
Bank deposit	0.001%-0.41%	0.001%-0.65%

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2020	**2019**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 9,577
Currency swaps	29,297	2,965
	$ 29,297	$ 12,542
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 14	$ 1,059

At the end of the reporting period, outstanding foreign exchange forward contracts and currency swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2020			
Sell foreign exchange forward contracts	CNY/USD	2021.1.12	CNY818/USD125
Currency swaps	USD/NTD	2021.1.21-2021.8.13	USD30,200/NTD875,656
December 31, 2019			
Sell foreign exchange forward contracts	USD/NTD	2020.01.06-2020.03.23	USD26,500/NTD802,239
Sell foreign exchange forward contracts	CNY/USD	2020.01.06	CNY4,740/USD663
Currency swaps	USD/NTD	2020.01.13-2020.01.15	USD7,000/NTD212,335

The Company entered into foreign exchange forward contracts and cross-currency swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative contracts entered into by the Company did not meet the criteria for hedge accounting. Thus, the derivative contracts are classified as financial assets or financial liabilities at FVTPL.

8. NOTES AND TRADE RECEIVABLES, NET

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 74	$ -
Less: Allowance for impairment loss	-	-
	$ 74	$ -
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,585,463	$ 1,539,691
Less: Allowance for impairment loss	-	-
	$ 1,585,463	$ 1,539,691

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

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

December 31, 2020

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	$ 1,588,229	$ 830	$ -	$ -	$ -	$ 1,589,059
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,588,229	$ 830	$ -	$ -	$ -	$ 1,589,059

December 31, 2019

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0.41%	4.53%	100%	
Gross carrying amount	$ 1,536,294	$ 3,397	$ -	$ -	$ -	$ 1,539,691
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,536,294	$ 3,397	$ -	$ -	$ -	$ 1,539,691

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ -	$ 282
Less: Net remeasurement of loss allowance	-	(282)
Balance at December 31	$ -	$ -

9. INVENTORIES, NET

	December 31	
	2020	2019
Finished good	$ 269,590	$ 237,682
Work in progress	38,274	43,929
Raw materials	146,456	91,503
Supplies	24,633	19,008
	$ 478,953	$ 392,122

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 5,030,425	$ 4,407,204
Inventory write-downs (reversed)	35,238	(212)
	$ 5,065,663	$ 4,406,992

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31			
	2020		2019	
	%	Carrying Amount	%	Carrying Amount
Co-Tech Copper Foil (BVI) Inc.	100	$ 6,235	100	$ 8,538
Essence Optics Technology Inc.	-	-	100	13,641
		$ 6,235		$ 22,179

a. Essence Optics Technology Inc. decreased the share capital by 29,811 thousand ordinary shares to offset a deficit in November 2019. After the capital reduction, one share was issued. In December 2019, the Company subscribed 8,500 thousand shares of Essence Optics Technology Inc. for cash of $85,000 thousand. After the subscription, the Company increased its shareholding ratio from 91% to 100% of Essence Optics Technology Inc.

b. For the purpose of resource integration and operational synergies, the Company merged with Essence Optics Technology Inc. with the Company as the surviving entity. The resolution was passed in the board of directors' meeting on February 20, 2020 and the merger took effect on February 24, 2020. The net assets as of February 24, 2020, the target date of the merger, were as follows:

	Essence Optics Technology Inc.
Current assets	
Cash	$ 106,569
Inventories	36,155
Other current assets	2,386
Non-current assets	
Property, plant and equipment	138,635
Current liabilities	
Short-term borrowings	(275,240)
Other payables	(123)
	$ 8,382

c. Refer to Table 1 for endorsements/guarantees provided to Essence Optics Technology Inc. The above endorsements/guarantees were not included in the carrying amount of investments in subsidiary as of February 24, 2020.

d. For the Company’s ownership of indirect investment in subsidiaries, refer to Note 29.

e. In 2020 and 2019, shares of other comprehensive income and profit or loss of subsidiaries recognized in the financial statements have been audited.

11. PROPERTY, PLANT AND EQUIPMENT, NET

	For the Year Ended December 31, 2019							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2019	$ 824,098	$ 1,225,328	$ 5,511,034	$ 42,842	$ 15,091	$ 11,570	$ 47,746	$ 7,677,709
Additions	-	9,062	20,453	-	-	-	39,043	68,558
Disposals	-	-	(30,997)	(507)	(2,273)	(3,066)	(340)	(37,183)
Reclassification	-	9,865	17,316	-	-	-	(27,901)	(720)
December 31, 2019	$ 824,098	$ 1,244,255	$ 5,517,806	$ 42,335	$ 12,818	$ 8,504	$ 58,548	$ 7,708,364
Accumulated depreciation and impairment								
January 1, 2019	$ -	$ 898,971	$ 4,657,098	$ 38,676	$ 13,458	$ 9,807	$ 340	$ 5,636,350
Impairment losses	-	-	45,734	200	-	-	-	45,934
Depreciation expense	-	56,543	164,272	1,057	717	308	-	222,897
Disposals	-	-	(30,997)	(507)	(2,273)	(3,066)	(340)	(37,183)
Reclassification	-	-	3,338	-	-	-	-	3,338
December 31, 2019	$ -	$ 955,514	$ 4,857,445	$ 39,426	$ 11,902	$ 7,049	$ -	$ 5,871,336
December 31, 2019, net	$ 824,098	$ 288,741	$ 660,361	$ 2,909	$ 916	$ 1,455	$ 58,548	$ 1,837,028

	For the Year Ended December 31, 2020							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2020	$ 824,098	$ 1,244,255	$ 5,517,806	$ 42,335	$ 12,818	$ 8,504	$ 58,548	$ 7,708,364
Acquisitions through business combination	-	138,312	136,940	-	1,084	1,093	-	277,429
Additions	-	3,014	73,264	445	155	78	8,326	85,282
Disposals	-	-	(13,194)	-	(1,084)	(766)	-	(15,044)
Reclassification	-	4,933	48,266	128	-	-	(53,327)	-
December 31, 2020	$ 824,098	$ 1,390,514	$ 5,763,082	$ 42,908	$ 12,973	$ 8,909	$ 13,547	$ 8,056,031
Accumulated depreciation and impairment								
January 1, 2020	$ -	$ 955,514	$ 4,857,445	$ 39,426	$ 11,902	$ 7,049	$ -	$ 5,871,336
Acquisitions through business combination	-	67,137	69,692	-	1,078	887	-	138,794
Impairment losses	-	43,619	18,717	-	-	-	-	62,336
Depreciation expense	-	65,018	167,858	916	596	321	-	234,709
Disposals	-	-	(13,158)	-	(1,084)	(766)	-	(15,008)
Reclassification	-	-	4,532	-	-	-	-	4,532
December 31, 2020	$ -	$ 1,131,288	$ 5,105,086	$ 40,342	$ 12,492	$ 7,491	$ -	$ 6,296,699
December 31, 2020, net	$ 824,098	$ 259,226	$ 657,996	$ 2,566	$ 481	$ 1,418	$ 13,547	$ 1,759,332

As the Company considers future operation plans and current capacity needs, for plants and equipment not aligned with production needs, the Company determines the amounts of assets by using the value in use and expects that there is no future cash inflow. Impairment loss was recognized at the amount of $62,336 thousand and $45,934 thousand and was presented under other gains or losses in the comprehensive income statement for the years ended December 31, 2020 and 2019.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	
Main building	14-20 years
Plant construction	3-21 years
Machinery equipment	1-16 years
Transportation equipment	3-6 years
Office equipment	3-4 years
Other equipment	1-11 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 24.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Buildings	$ 3,373	$ 851
Transportation equipment	1,020	256
	$ 4,393	$ 1,107

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 5,325	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 1,272	$ 1,276
Transportation equipment	767	768
	$ 2,039	$ 2,044

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 2,019	$ 1,117
Non-current	$ 2,389	$ -

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	1.615%-1.865%	1.865%
Transportation equipment	1.615%-1.865%	1.865%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 182	$ 24
Expenses relating to low-value asset leases	$ -	$ 156
Total cash outflow for leases	$ (2,255)	$ (2,253)

The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases.

13. BORROWINGS

a. Short-term borrowings

	December 31 2020	December 31 2019
Unsecured borrowings		
Letter of credit borrowings	$ 154,216	$ -
Bank loans	196,315	335,216
	$ 350,531	$ 335,216

The range of weighted average effective interest rates on bank loans was 0.54%-0.73% and 2.3%-2.42% per annum on December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31 2020	December 31 2019
Bank acceptances	$ 140,035	$ 91,945

Outstanding short-term bills payable were as follows:

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Bank acceptances						
Bank SinoPac	$ 41,705	$ -	$ 41,705	-	$ -	$ -
Far Eastern International Bank	31,229	-	31,229	-	-	-
Mega International Commercial Bank	26,414	-	26,414	-	-	-
Taipei Fubon Bank	22,503	-	22,503	-	-	-
Land Bank of Taiwan	18,184	-	18,184	-	-	-
	$ 140,035	$ -	$ 140,035		$ -	$ -

December 31, 2019

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Bank acceptances						
Hua Nan Commercial Bank	$ 36,862	$ -	$ 36,862	-	$ -	$ -
First Commercial Bank	19,730	-	19,730	-	-	-
Mega International Commercial Bank	17,875	-	17,875	-	-	-
Bank SinoPac	17,478	-	17,478	-	-	-
	$ 91,945	$ -	$ 91,945		$ -	$ -

c. Long-term borrowings

	Maturity Date	Major Clause	December 31 2020	December 31 2019
Floating rate borrowings				
Bank loans	2023.01.11	From January 11, 2018 to 2023, the line of credit of the bank borrowings from Bank SinoPac, secured by the Company's freehold land and buildings, was $340,000 thousand. The grace period is 2 years. After the grace period expires, payments will be made by installments of 6 months, and the principal amount will be amortized in 6 installments.	$ 276,500	$ 331,800
Less: Current portion			(110,600)	(55,300)
			$ 165,900	$ 276,500
Interest rate			1.615%	1.865%

During the term of loan contract, the Company shall maintain the following financial ratios:

1) Current ratio: The ratio of current assets to current liabilities shall not be less than 100%.

2) Debt ratio: The ratio of total liabilities to (shareholders' equity minus intangible assets) shall not be higher than 200%.

3) Net tangible assets shall not be less than $1,700,000 thousand.

The financial ratios are based on the interim and annual consolidated financial statements which have been audited. The Company complies with the financial ratio specifications.

14. OTHER LIABILITIES

	December 31 2020	December 31 2019
Payables for salaries or bonuses	$ 62,769	$ 59,514
Payables for utility	47,190	45,138
Payables for equipment	22,004	31,067
Payables for repair and maintenance	19,227	17,315
Payables for compensation of employees and remuneration of directors	17,227	11,839
Payables for annual leave	9,970	9,780
Others	98,959	91,628
	$ 277,346	$ 266,281

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31 2020	December 31 2019
Present value of defined benefit obligation	$ 69,724	$ 63,867
Fair value of plan assets	(16,311)	(15,343)
Net defined benefit liabilities (assets)	$ 53,413	$ 48,524

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2019	$ 60,880	$ (14,729)	$ 46,151
Current service cost	-	-	-
Net interest expense (income)	837	(213)	624
Recognized in profit or loss	837	(213)	624
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(430)	(430)
Actuarial loss - changes in demographic assumptions	1,658	-	1,658
Actuarial loss - changes in financial assumptions	1,259	-	1,259
Actuarial loss - experience adjustments	1,654	-	1,654
Recognized in other comprehensive loss (gain)	4,571	(430)	4,141
Contributions from the employer	-	(1,585)	(1,585)
Benefits paid	(1,614)	1,614	-
Company paid	(807)	-	(807)
Balance at December 31, 2019	63,867	(15,343)	48,524
Current service cost	-	-	-
Net interest expense (income)	639	(162)	477
Recognized in profit or loss	639	(162)	477
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(486)	(486)
Actuarial loss - changes in demographic assumptions	784	-	784
Actuarial loss - changes in financial assumptions	4,797	-	4,797
Actuarial loss - experience adjustments	168	-	168
Recognized in other comprehensive loss (gain)	5,749	(486)	5,263
Contributions from the employer	-	(1,658)	(1,658)
Benefits paid	(1,338)	1,338	-
Others	807	-	807
Balance at December 31, 2020	$ 69,724	$ (16,311)	$ 53,413

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

	December 31	
	2020	**2019**
Discount rate	0.500%	1.000%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (2,457)	$ (2,329)
0.25% decrease	$ 2,570	$ 2,438
Expected rate of salary increase		
0.25% increase	$ 2,483	$ 2,369
0.25% decrease	$ (2,388)	$ (2,275)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	**2019**
The expected contributions to the plan for the next year	$ 1,681	$ 1,622
The average duration of the defined benefit obligation	14.3 years	14.9 years

16. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	**2019**
Number of shares authorized (in thousands)	300,000	300,000
Amount of shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	252,588	252,588
Amount of shares issued	$ 2,525,880	$ 2,525,880

b. Capital surplus

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares and the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition) and donations may be used to offset a deficit. In addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (restricted to a certain percentage of the Company's capital surplus).

Investments accounted for using the equity method, the capital surplus arising from employees' shares and share options may not be used for any purposes.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the accumulated legal reserve is equal to the total capital of the Company, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors refer to compensation of employees and remuneration of directors in Note 17-e.

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. In consideration of the funding needs and the degree of diluted earnings per share, the distribution will be made in the form of share dividends or cash dividends. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 10% of the total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings on June 10, 2020 and June 13, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 39,670	$ 74,113
Special reserve	$ 287	$ 290
Cash dividends	$ 348,571	$ 555,694
Cash dividends per share (NT$)	$ 1.38	$ 2.2

On June 10, 2018, the Company's shareholders also resolved in the shareholders' meeting to issue cash dividends of $156,605 thousand ($0.62 per share) from the capital surplus.

The appropriation of earnings for 2020 was proposed by the Company's board of directors on January 27, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 53,738
Special reserve	$ 23
Cash dividends	$ 482,443
Cash dividends per share (NT$)	$ 1.91

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on June 28, 2021.

On January 27, 2021, the Company's board of directors proposed to issue cash dividends of $22,733 thousand ($0.09 per share) from the capital surplus and will be resolved by the shareholders in their meeting to be held on June 28, 2021.

17. PROFIT BEFORE TAX

Net income included the following items:

a. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange gains/(losses)	$ (35,384)	$ (26,876)
Fair value changes of financial assets and financial liabilities as at FVTPL	29,283	11,483
Net gain on disposal of property, plant and equipment	33	-
Others	(5,885)	(4,385)
	$ (11,953)	$ (19,778)

b. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 10,486	$ 15,095
Interest on lease liabilities	39	39
	$ 10,525	$ 15,134

c. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Recognized in operating costs	$ 204,767	$ 212,016
Recognized in operating expenses	31,981	12,925
	$ 236,748	$ 224,941
An analysis of amortization by function		
Recognized in operating costs	$ -	$ 1
Recognized in operating expenses	1,062	993
	$ 1,062	$ 994

d. Employee benefit expenses

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	$ 10,273	$ 11,027
Defined benefit plans (Note 15)	477	624
	10,750	11,651
Other employee benefits	282,732	265,982
	$ 293,482	$ 277,633
Employee benefit expenses summarized by function		
Recognized in operating costs	$ 235,705	$ 212,271
Recognized in operating expenses	57,777	65,362
	$ 293,482	$ 277,633

e. Compensation of employees and remuneration of directors

The Company distributed compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2020 and 2019, which have been approved by the Company’s board of directors on January 27, 2021 and February 20, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	1.5%	1.5%
Remuneration of directors	1.0%	1.0%

Amount

	For the Year Ended December 31	
	2020	2019
Compensation of employees	$ 10,336	$ 7,103
Remuneration of directors	$ 6,891	$ 4,736

If there is a change in the proposed amounts after issuance of the annual financial report, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

There was no difference between the actual amounts of compensation of employees and the remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 104,225	$ 98,365
Foreign exchange losses	(139,609)	(125,241)
Net (losses)	$ (35,384)	$ (26,876)

18. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current income tax expense		
In respect of the current year	$ 149,683	$ 71,509
Income tax on unappropriated earnings	-	5,367
Adjustments for prior year	(2,473)	(124)
	147,210	76,752
Deferred tax		
In respect of the current year	(16,271)	(11,993)
Adjustments for prior year	(670)	266
	(16,941)	(11,727)
Income tax expense recognized in profit or loss	$ 130,269	$ 65,025

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2020	**2019**
Income before income tax	$ 671,859	$ 461,726
Income tax expense calculated at the statutory rate	$ 134,372	$ 92,345
Income tax on unappropriated earnings	-	5,367
Nondeductible items in determining taxable income (deductible)	(960)	(32,829)
Adjustments for prior year's tax	(3,143)	142
Income tax expense recognized in profit or loss	$ 130,269	$ 65,025

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	**2019**
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plans	$ 1,052	$ 828

c. Current tax assets and liabilities

	December 31	
	2020	**2019**
Current tax assets		
Tax refund receivable	$ 24,236	$ 24,888
Current tax liabilities		
Income tax payable	$ 113,202	$ 3,125

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit (Loss)**	**Recognized in Other Comprehensive Income (Loss)**	**Closing Balance**
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 16,248	$ 456	$ -	$ 16,704
Defined benefit obligations	9,839	(236)	1,052	10,655
Unrealized loss on inventories	1,096	7,048	-	8,144
Unrealized foreign exchange losses	7,788	560	-	8,348
Valuation losses on financial instruments	212	(209)	-	3
Revenue recognized	5,653	1,437	-	7,090
Unrealized impairment loss of property, plant and equipment	9,221	11,042	-	20,263
Others	2,525	511	-	3,036
	$ 52,582	$ 20,609	$ 1,052	$ 74,243

Deferred Tax Liabilities	**Opening Balance**	**Recognized in Profit (Loss)**	**Recognized in Other Comprehensive Income (Loss)**	**Closing Balance**
Temporary differences				
Valuation gains on financial instruments	$ 2,509	$ 3,351	$ -	$ 5,860
Unrealized foreign exchange gains	2,662	317	-	2,979
	$ 5,171	$ 3,668	$ -	$ 8,839

For the year ended December 31, 2019

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit (Loss)**	**Recognized in Other Comprehensive Income (Loss)**	**Closing Balance**
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 15,485	$ 763	$ -	$ 16,248
Defined benefit obligations	9,206	(195)	828	9,839
Unrealized loss on inventories	1,138	(42)	-	1,096
Unrealized foreign exchange losses	482	7,306	-	7,788
Valuation losses on financial instruments	242	(30)	-	212
Revenue recognized	5,964	(311)	-	5,653
Unrealized impairment loss of property, plant and equipment	43	9,178	-	9,221
Others	2,902	(377)	-	2,525
	$ 35,462	$ 16,292	$ 828	$ 52,582

Deferred Tax Liabilities	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Valuation gains on financial instruments	$ 188	$ 2,321	$ -	$ 2,509
Unrealized foreign exchange gains	418	2,244	-	2,662
	$ 606	$ 4,565	$ -	$ 5,171

e. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities.

19. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Profit for the year attributable to owners of the Company	$ 541,590	$ 396,701
Effects of potentially dilutive ordinary shares:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 541,590	$ 396,701

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	252,588	252,588
Effects of potentially dilutive ordinary shares:		
Compensation of employees	220	200
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	252,808	252,788

The Company may settle the bonuses or remuneration paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the bonus or remuneration will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. PARTIALLY OWNED SUBSIDIARY - NOT EFFECTING CONTROL

Essence Optics Technology Inc. decreased the share capital by 29,811 thousand ordinary shares to offset a deficit in November 2019. After the capital reduction, one share was issued. In December 2019, the Company subscribed 8,500 thousand shares of Essence Optics Technology Inc. for cash of $85,000 thousand. After the subscription, the Company increased its shareholding ratio from 91% to 100% of Essence Optics Technology Inc.

Since the transactions did not change the Company's control over these subsidiaries, the Company treats them as equity transactions. Refer to Note 20 for the information on the partial acquisition of consolidated financial statements for the year ended December 31, 2020.

21. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 29,297	$ -	$ 29,297
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 14	$ -	$ 14

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 12,542	$ -	$ 12,542
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 1,059	$ -	$ 1,059

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial assets at FVTPL - Currency swaps	Discounted cash flow. Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.

b. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 29,297	$ 12,542
Financial assets at amortized costs (1)	4,288,651	4,173,830
Financial liabilities		
FVTPL		
Held for trading	14	1,059
Amortized cost (2)	1,288,903	1,293,658

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, trade payables, other payables, and long-term loans.

c. Financial risk management objectives and policies

The Company's major financial instruments include notes receivable and trade receivables, other receivables, refundable deposits, short-term bills payable, trade payables, other payables, and loans. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a foreign exchange forward contracts to manage its exposure to foreign currency risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured

a) Foreign currency risk

The Company's had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Company was mainly exposed to the fluctuation of the U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening against the relevant currency. For a weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ (5,034)	$ (9,364)

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 1,570,000	$ 550,000
Financial liabilities	140,035	91,945
Cash flow interest rate risk		
Financial assets	1,043,481	2,079,420
Financial liabilities	627,031	667,016

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $2,082 thousand and $7,062 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets; and the maximum amount the entity would have to pay if the financial guarantee is called upon.

The receivables from major customers amounted to $976,231 thousand and $955,289 thousand, which both accounted for more than 40% of total trade receivables as of December 31, 2020 and 2019, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 375,500	$ 109,709	$ 126,594	$ -	$ -
Lease liabilities undiscounted	173	346	1,555	2,417	-
Debt instruments	369,409	176,652	55,775	168,579	-
	$ 745,082	$ 286,707	$ 183,924	$ 170,996	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 328,518	$ 161,034	$ 126,278	$ -	$ -
Lease liabilities undiscounted	173	346	604	-	-
Debt instruments	427,554	-	55,848	281,657	-
Financial guarantee contracts	-	-	280,000	-	-
	$ 756,245	$ 161,380	$ 462,730	$ 281,657	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 3,505	$ -	$ -
Outflows	(3,519)	-	-
	$ (14)	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Net settled			
Foreign exchange forward contracts			
Outflows	$ -	$ (440)	$ -
Gross settled			
Foreign exchange forward contracts			
Inflows	-	79,647	-
Outflows	-	(80,266)	-
	-	(619)	-
	$ -	$ (1,059)	$ -

c) Financing facilities

	December 31	
	2020	2019
Amount unused	$ 3,815,434	$ 4,276,839

23. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions with related parties are disclosed as follows:

a. Related parties and category

Related Parties	Relationships with the Company
CO-TECH COPPER FOIL (BVI) INC.	Subsidiary
ESSENCE OPTICS TECHNOLOGY INC.	Subsidiary

b. Sales of goods

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Sales	Subsidiary	$ 29,937	$ 12,247

The terms of the transactions of the Company and related parties were agreed by both parties.

c. Receivables from related parties

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Trade receivables	Subsidiary	$ 3,522	$ -

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

d. Endorsements and guarantees

Refer to Table 1 for information for endorsements and guarantees.

e. Compensation of key management personnel

	For the Year Ended December 31	
	2020	**2019**
Short-term employee benefits	$ 37,174	$ 35,952
Post-employment benefits	1,194	1,322
	$ 38,368	$ 37,274

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2020	2019
Land	$ 345,346	$ 345,346
Buildings, net	101,475	108,261
	$ 446,821	$ 453,607

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

a. Unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2020	2019
USD	$ 14,089	$ 11,119
JPY	-	20,280

b. Unrecognized commitments for the acquisition of property, plant and equipment were as follows:

	December 31	
	2020	2019
USD	$ 755	$ 684
NTD	27,011	48,015

Unpaid amount were as follows:

	December 31	
	2020	2019
USD	$ 327	$ 374
NTD	6,712	22,204

26. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the global economic situation is still facing high risks and uncertainties. However, the Company’s operating revenue was $6,036,163 thousand in 2020, 16% higher than the same period last year; net income was 541,590 thousand, 37% higher than the same period last year with EPS of $2.14. The Company’s operations were normal, and there was no asset impairment or financing risk due to the epidemic in 2020.

27. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In response to the world’s fifth-generation mobile network (5G) infrastructure and artificial intelligence-related applications (including network switches, servers, storage, base stations, etc.).

On January 27, 2021, the Company's board of directors approved the construction of the third high-frequency and high-speed copper foil plant in Yunlin Technology-based Industrial Park with an annual production capacity of 10,800 tons that cost within NT$4.05 billion.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Company's functional currency, and the exchange rates between the respective foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 56,450	28.045 (USD:NTD)	$ 1,583,130
CNY	1,168	4.3026 (CNY:NTD)	5,026
Non-monetary items			
Derivative instruments			
USD	30,200	28.045 (USD:NTD)	29,297
Financial liabilities			
Monetary items			
USD	29,839	28.045 (USD:NTD)	836,846
Non-monetary items			
Derivative instruments			
CNY	818	4.3026 (CNY:NTD)	14

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 52,970	29.93 (USD:NTD)	$ 1,585,378
CNY	5,914	4.503 (CNY:NTD)	25,458
Non-monetary items			
Derivative instruments			
USD	27,500	29.93 (USD:NTD)	12,542
Financial liabilities			
Monetary items			
USD	25,727	29.93 (USD:NTD)	769,995
Non-monetary items			
Derivative instruments			
USD	6,000	29.93 (USD:NTD)	483
CNY	4,740	4.503 (CNY:NTD)	576

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
Foreign Currency	**Exchange Rate (Foreign Currency: Functional Currency)**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate (Foreign Currency: Functional Currency)**	**Net Foreign Exchange Gain (Loss)**
USD	29.3692 (USD:NTD)	$ (35,625)	30.8083 (USD:NTD)	$ (26,581)
CNY	4.2661 (CNY:NTD)	241	4.4933 (CNY:NTD)	(295)
		$ (35,384)		$ (26,876)

29. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided: None.

2) Endorsements/guarantees provided: (Table 1).

3) Marketable securities held (excluding investments in subsidiaries): None.

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: See Note 7 to the financial statements.

b. Information on investees: (Table 2).

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 3).

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 4).

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

   c) The amount of property transactions and the amount of the resultant gains or losses.

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

   e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 5)

TABLE 1

CO-TECH DEVELOPMENT CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Co-Tech Development Corporation	Essence Optics Technology Inc.	A subsidiary in which the Company holds directly over 50% of equity interest.	$ 515,644	$ 280,000	$ -	$ -	$ -	5	$ 2,578,220	Yes	No	No	

Note 1: The relationships between the Company and endorsee/guarantee are as follows: Maximum endorsement guarantee amount of $5,156,440 (net assets is based on the latest audited financial statements) x 50% = 2,578,220. The limit on endorsement/guarantee amount provided to each guaranteed party was $5,156,440 (net assets is based on the latest audited financial statements) x 10% = 515,644.

Note 2: The intercompany transactions have been eliminated upon consolidation.

CO-TECH DEVELOPMENT CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Co-Tech Development Corporation	CO-TECH COPPER FOIL (BVI) INC.	Virgin Islands	Investment activities	$ 113,683	$ 113,683	3,500	100	$ 6,235	$ (2,280)	$ (2,280)	Subsidiary
	Essence Optics Technology Inc.	Yunlin County	Manufacturing and selling of glass products	-	85,000	-	-	-	(5,259)	(5,259)	Subsidiary

Note: Refer to Table 3 for information on investments in mainland China.

CO-TECH DEVELOPMENT CORPORATION

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
CO-TECH COPPER FOIL SHANGHAI TRADE LTD.	Selling of copper foil products	Registered and paid-in capital of US$200	Note 1	$ 6,796	$ -	$ -	$ 6,796	$ (2,193)	100	$ (2,193)	$ 4,914	$ -

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 6,796	US$ 200	$3,093,864 (Note 3)

Note 1: Indirect investment in mainland China through CO-TECH COPPER FOIL (BVI) INC.

Note 2: Investment gain (loss) was recognized based on the Company's audited financial statements.

Note 3: Net assets value x 60% = 5,156,440 x 60% = 3,093,864.

TABLE 4

CO-TECH DEVELOPMENT CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
CO-TECH COPPER FOIL SHANGHAI TRADE LTD.	Sale	$ 29,917	-	Normal	Settled monthly (90-120 days)	No significant difference	$ 3,522	-	$ -

TABLE 5

CO-TECH DEVELOPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
SONG, GONG-YUAN	13,812,998	5.46

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

CO-TECH DEVELOPMENT CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash on hand		$ 206
Checking accounts		2
Demand deposits		336,357
Foreign currency deposits	US$2,441 x 28.045 JPY9 x 0.2719 CNY97 x 4.3026	68,866
Time deposits		2,170,000
		$ 2,575,431

STATEMENT 2

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF TRADE RECEIVABLES, NET
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
D0079	$ 336,146
D0114	269,528
D0331	102,995
D0293	100,527
D0304	92,434
Others (amount of individual client included in others does not exceed 5% of the account balance)	683,833
	1,585,463
Less: Allowance for impairment loss	-
	$ 1,585,463

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF INVENTORIES, NET
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Amount	
Item	**Cost**	**Net Realizable Value**
Finished goods	$ 269,590	$ 316,800
Work-in-progress	38,274	45,006
Raw materials	146,456	147,862
Supplies	24,633	25,336
	$ 478,953	$ 535,004

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance at January 1, 2020		Additions (Decrease) in Investments		Share of Profit or (Loss) Accounted for Using the Equity Method	Balance at December 31, 2020			Net Assets Value	Collateral or Pledge
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	Ownership Interest (%)	Amount		
CO-TECH COPPER FOIL (BVI) INC.	3,500	$ 8,538	-	$ (23) (Note 1)	$ (2,280)	3,500	100	$ 6,235	$ 6,235	N
ESSENCE OPTICS TECHNOLOGY INC.	8,500	13,641	(8,500) (Note 2)	(8,382) (Note 2)	(5,259)	-	-	-	-	N
		$ 22,179		$ (8,405)	$ (7,539)			$ 6,235	$ 6,235	

Note 1: The amount is the changes from exchange differences on translation of the financial statements of foreign operations.

Note 2: The decrease in investment of $8,382 thousand is affected by the merging of the Company with Essence Optics Technology Inc. that transferred net assets of $8,382 thousand to the Company on February 24, 2020. After the acquisition, the Company is the surviving entity.

STATEMENT 5

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Buildings	Transportation Equipment	Total
Cost			
January 1, 2020	$ 2,127	$ 1,024	$ 3,151
Additions	3,794	1,531	5,325
Disposals	(2,127)	(1,024)	(3,151)
December 31, 2020	$ 3,794	$ 1,531	$ 5,325
Accumulated depreciation			
January 1, 2020	$ 1,276	$ 768	$ 2,044
Additions	1,272	767	2,039
Disposals	(2,127)	(1,024)	(3,151)
December 31, 2020	$ 421	$ 511	$ 932
December 31, 2020, net	$ 3,373	$ 1,020	$ 4,393

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
K3443	$ 114,879
K1786	81,134
K0230	41,831
K3693	40,639
K1822	21,144
Others (amount of individual vendor in “others” does not exceed 5% of the account balance)	34,830
	$ 334,457

STATEMENT 7

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Electrodeposited copper foil	$ 6,036,163

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 91,503
Additions: Raw material purchased	3,846,582
Additions: Others	1,496,138
Deductions: Raw materials, end of year	(146,456)
Raw materials used (1)	5,287,767
Supplies, beginning of year	19,008
Additions: Supplies purchased	58,513
Additions: Others	1,250
Deductions: Others	(57,856)
Deductions: Raw materials, end of year	(24,633)
Supplies used (2)	(3,718)
Direct labor (3)	135,926
Manufacturing expense (4)	1,144,161
Manufacturing cost (1)+(2)+(3)+(4)	6,564,136
Additions: Work in progress, beginning of year	43,929
Additions: Others	67,000
Deductions: Others	(1,498,625)
Deductions: Work in progress, end of year	(38,274)
Cost of finished goods	5,138,166
Additions: Finished goods, beginning of year	237,682
Additions: Others	36,705
Deductions: Others	(77,300)
Deductions: Finished goods, end of year	(269,590)
Cost of goods sold	$ 5,065,663

STATEMENT 9

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Utility expense	$ 579,362
Depreciation expense	204,767
Packaging fee	61,100
Repair and maintenance expense	59,637
Indirect material	56,611
Others (amount of expenses in others does not exceed 5% of the account balance)	182,684
	$ 1,144,161

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Selling And Marketing Expenses	General And Administrative Expenses	Research And Development Expenses	Total
Payroll expense	$ 8,324	$ 35,689	$ 12,649	$ 56,662
Import and export fee	40,262	-	-	40,262
Depreciation expense	-	3,293	28,688	31,981
Commission	12,770	-	-	12,770
Others (amount of each expense in others does not exceed 5% of the account balance)	34,104	24,429	24,970	83,503
	$ 95,460	$ 63,411	$ 66,307	$ 225,178

CO-TECH DEVELOPMENT CORPORATION

STATEMENT OF LABOR COST, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020			2019		
	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total	Classified as Cost of Goods Sold	Classified as Operating Expense	Total
Labor cost						
Salary and bonus	$ 180,119	$ 40,767	$ 220,886	$ 163,434	$ 49,513	$ 212,947
Labor and health insurance	15,635	4,487	20,122	15,694	4,494	20,188
Pension	9,232	1,518	10,750	8,904	2,747	11,651
Director's remuneration	-	7,851	7,851	-	5,189	5,189
Others	30,719	3,154	33,873	24,239	3,419	27,658
	$ 235,705	$ 57,777	$ 293,482	$ 212,271	$ 65,362	$ 277,633
Depreciation expense	$ 204,767	$ 31,981	$ 236,748	$ 212,016	$ 12,925	$ 224,941
Amortization expense	$ -	$ 1,062	$ 1,062	$ 1	$ 993	$ 994

Note 1: The average number of employees of the Company was 315 and 308, respectively, both of which included 9 board of directors, not serving concurrently as employees, for the years ended December 31, 2020 and 2019.

Note 2: The average employee benefit expenses were $933 thousand and $911 thousand for the years ended December 31, 2020 and 2019 ("Employee benefit expenses - Remuneration of directors/Average number of employees - Board of directors without holding employment positions").

Note 3: The average salaries and bonuses were $722 thousand and $712 thousand for the years ended December 31, 2020 and 2019 (Salary and bonus/"Number of employees - Board of directors without holding employment positions").

Note 4: The average change in salaries and bonuses was 1% ("Average salary and bonus for the year ended December 21, 2020 - Average salary and bonus for the year ended December 31, 2019"/Average salary and bonus for the year ended December 31, 2019).

Note 5: The Company implemented the salary strategy to attract job seekers, retain, and motivate outstanding employees to maximize the effectiveness of the organization. The remuneration policies for directors, management personnel, and compensation policies for employees were as follows: Article No. 29, the Company stipulates that if the Company generated annual profit, more than 1%, shall be distributed for compensation of employees and no more than 3% for directors' remuneration.

Co-Tech Development Corp.

Chairman: Raymond Soong