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Chicony Electronics Co., Ltd.
2019 Annual Report

Printed on May 15, 2020

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4.**The names, office name, address, website, and telephone number of the verifying CPAs of the most recent financial report:**
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5.**The name of the Exchange where the overseas securities are listed and the ethod for querying the information of the overseas securities:**
None

6.**Company website:**
http://www.chicony.com.tw

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I. Letter to Shareholders

Dear Shareholders:

1. 2019 Performance

(1) 2019 Operational Result

The 2019 Consolidated Revenue reached $92,552,325 thousand, which was an increase of 6% compared to 2018. Our Operating Profit amounted to $6,269,465 thousand, while the Net Profit amounted to $5,838,817 thousand, an increase of 35% and 63% respectively compared to 2018.

(2) Financial Highlights and Profitability Analysis

1. Financial Highlight

Units: NTD thousands

Item	2018	2018	Increase (decrease)
Operating Profit	6,269,465	4,649,536	34.84%
Net Profit	5,838,817	3,590,711	62.61%
Average Total Assets	70,188,083	68,193,144	2.93%
Average Shareholder Equity	25,673,265	23,935,896	7.26%

2. Profitability

Item	2019	2018
Return on Average Assets (%)	8.32	5.27
Return on Average Shareholder Equity (%)	22.74	15.00
Operating Profit on End-of-Period Shareholder Equity (%)	85.36	63.66
Net Profit Margin (%)	6.31	4.11
Earnings per Share (EPS) in NTD (Note)	8.45	5.22

Note: Earnings per share is the amount of employee remuneration that is not distributed based on earnings and the number of new shares issued through capitalization of earnings before retroactive adjustment.

(3) Research and development

In 2019, the Company and its subsidiaries spent approximately $3,369,287 thousands on product development, automation production equipment, and process improvement. Solid R&D ability is Chicony's crucial competitiveness to face fast-changing industry environment. To cultivate and attract more and more excellent R&D talents, Chicony has cooperated with National Taipei University of Technology by providing "Chicony R&D scholarship" and has created a "C&T laboratory" for potential R&D candidates. Aiming to innovative technology trend, Chicony will continuously develop cutting edge products including keyboards, power supplies, smart home products (including smart speakers, smart doorbells, and IP cams, etc.) to attract more clients and win more business opportunities.

2. 2020 Business Project Summary

(1) 2020 Business Target and Business Outlook

The economic growth rate of the Asia Pacific region used to be the highest in the world, accounting for more than two-thirds of the global growth. However, the continuing tense trade war between China and the United States and the recent new coronavirus epidemic have disrupted the global supply chain, and governments of various countries have adopted tourism bans which severely damaged the tourism industry; these have

dragged down the economies of Asian countries. In addition, the anti-delivery to China struggle in Hong Kong and the tense relationship between Japan and South Korea have further deepened regional tensions and continued to raise geopolitical risks. All these factors have led to a decline in the overall GDP of Asia, and it is expected that the GDP of Asia outside China and India will decline by 0.5% in 2020. Research institutes estimate that the global economic growth rate in 2020 is about 2.53%, lower than 2.62% in 2019, which is the third consecutive year of slowdown since the peak of 3.42% in 2017. Although the annual growth rate of global commodity exports in 2020 has changed from a negative growth of 2.24% in 2019 to a positive growth of 1.65%, it is still significantly lower than 9.54% in 2018 and 10.78% in 2017.Economic growth of major economies in 2020: the U.S. forecast is 2.06% (lower than 2.31% in 2019), but the growth rate will rise quarter by quarter. The EU (excluding the U.K.) forecast is about 1.10%, lower than 1.42% in 2019. China's original forecast is 5.80%; however, affected by the new coronavirus epidemic, its economic growth will be impacted at least for one to two quarters, and in the worst-case scenario it is likely to be less than 5%, a record low since 1991. Only emerging market countries have an estimated economic growth rate of 4.22%, an increase of about 0.1% compared with that in 2019. In 2020, under the uncertainties of US trade policy, the change of financial situation in emerging markets, the economic and financial downturn in mainland China, and the "spillover effect" of the new coronavirus epidemic on other Asian markets, the world will be in a highly unstable situation where the financial environment may suddenly and severely tighten.

The scale of the PC market has been shrinking year by year and the purchase of consumer models has declined significantly. Fortunately, the support of the commercial market and the gaming field with a large increase in demand since 2013 has slowed down the decline of PC shipments. However, there was no debut of heavyweight PC games to spur the purchase in the gaming market in 2019 and other than that the existing gaming machine specifications are sufficient for PC games, the rapid improvement of mobile phone specifications and efficiency and the launch of new mobile phone games are the main reasons for the slowdown of gaming demand. Fortunately, the trend of machine change in the commercial market due to the launch of Windows 10 and the Sino-US trade war urge manufacturers to store goods in advance and recently artificial intelligence (AI), Internet of Things (IOT), business intelligence, blockchain and big data have become the standard equipment of enterprises, enterprises are urged to accelerate their update of PC equipment responsible for data processing and analysis and give PCs a new wave of growth momentum.

NB products have been developed well; recently the production has been maintained at about 150 million units, and the growth momentum is mainly driven by the growth of gaming NB and the trend of PC upgrade due to business needs. In 2019, due to the Sino-US trade war, the NB market had an expected shipment growth of 1.6% due to vendors' advance preparation of inventory and not-so-bad performance of Chromebook. However, the doubts about the Sino-US trade war in 2020 are not removed. Although most of the enterprises have arranged non-mainland China overseas production capacity, the cost will still significantly increase and the overall shipment is expected to decline in 2020. Looking forward to the design of the next generation of NB, after the mass production of flexible panels, the folding screen is bound to bring new topics, and new business opportunities are expected to be found in the NB industry which has been weak for many years.

As consumers have realized the functions and advantages of smart home solutions and the price of related devices and services has declined, research institutes estimate that the global sales of smart home devices, the number of households with smart home devices

and the overall smart home spending including related hardware devices, software and services will continue to grow in the next few years. In 2019, the global overall smart home spending will continue to grow, and the annual increase of shipments is 26.9%. In terms of device types, video entertainment devices continue to rank the top of all devices. In 2023, it is expected to be surpassed by the safety devices for family monitoring, and among safety control products, monitoring cameras account for the highest proportion (20%). As the Company's main focus is on smart home monitoring products, the explosive growth of the products can be expected.

Due to the high level of client inventory, 2019 was a relatively sluggish year for the server industry, but the end of inventory digestion has come. Due to the continuous digital transformation of enterprises, the gradual fermentation of AI applications and the active promotion of hybrid cloud by cloud operators, the global server shipment volume is expected to grow by about 5% in 2020. In the medium and long term, the driving force above will continue, plus the explosive increase of 5G data transmission volume in 2023 which may drive calculation demands, it is estimated that the CAGR of global server shipments in 2019 ~ 2024 will reach 6.5%, which is a great help to the subsidiary Chicony Power which produces server power supply.

The Company continuously optimizes the product mix and actively improves the gross profit margin. Two major products: smart home products (including smart speakers, smart doorbells, wireless network cameras and other security control devices) and gaming related products (including keyboards and power supplies) are growing rapidly, of which the revenue of smart home related products accounts for 34%; the revenue of gaming keyboard products among PC products accounts for about 9%. The price of gaming keyboard is much higher than that of ordinary keyboard and is a big boost to the Company's revenue. Traditional PC keyboard products, benefiting from the market penetration of built-in backlight high unit-price keyboard, have grown from only 15% in 2015 to the present 37%, driving the growth of overall profits. The Company has also launched a global operation plan, and the production bases include China and Southeast Asia. At present, the new factory in Thailand of Southeast Asia is under construction, which is expected to be completed in the third quarter of 2020. In the future, the capacity of the new factory in Thailand will account for about 20% of the overall revenue. The subsidiary Chicony Power has been active in the server field, and its long-term layout of CRPS server power has received orders from major manufacturers one after another. In addition, driven by high-value products such as type-C laptops, game consoles and large wattage laptops, both the Company’s revenue and profit have grown. Moreover, the expansion plans for the Suzhou Wujiang plant and the Thailand plant have been launched; the Wujiang plant is expected to be put into production in the second quarter of 2020, and Thailand plant in the fourth quarter of 2020.

In 2020, the management team of the Company will remain highly confident to actively face the rapid changes in the industry and external challenges and to integrate resources of the group. In addition to the research, development and sales of niche products like original keyboards, digital image, and power supply, non-PC products, such as gaming, server, game console, smart home and IoT, are able to enter markets with potential and application areas with high value-added as these products have stable growth. With the support of these high value-added products, the revenues and profits of the Company also shares a stable growth simultaneously. In addition to the market analysis made by the aforementioned major research institutions, the Company also takes production planning and the operating performance in the past into consideration based on the estimated demands of customers. It is estimated that the number of product sale for PC peripheral devices, digital image, consumer electronic products, and other electronic

products of the Company will be 195.6 million, and the number of PC peripheral devices, game consoles, and network communication and other electronic products of subsidiaries Chicony Power Technology and XAVi Technologies Corporation is 172.2 million and 4.5 million respectively.

(2) Business strategies

The Company will continue to uphold the faith of sustainable and integrity operation and the principle of "No Quality, No Sales," to provide customers with satisfying services, and continue to fulfill the growth in Company revenues and profits in order to give back to our shareholders, employees and society. The operating strategies for products, production, marketing, research and development, human resources, and finance perspectives are described as follows:

1. Products:
   (1) Keep developing high gross-margin and differentiated products in keyboard, power supply, and smart home businesses.
   (2) Integrate unique technology advantages including image, Wi-Fi, power control, and software to develop higher value-added products.
   (3) Escalate Non-PC products revenue proportion including cloud computing and gaming power supply products, smart home products and smart building solution applications, and IOT-wearable devices.
2. Production:
   (1) Expand economics of scale in keyboard, image, and power supply products, escalate efficiency of productivity, and strictly control the quality of products.
   (2) Enhance the VMI (Vendor Managed Inventory) system with the information provided by EDI and ERP to react customer needs in time, so as to reduce storage cost and improve flexibility and efficiency of delivery and production.
   (3) Enhance bargain power by integrating Chicony group procurement resources and integrating common materials of the Group.
   (4) Purchase key components directly from the original suppliers to reduce raw material costs.
   (5) Keep finding more appropriate suppliers of key components, to create strategic vertical integration to enhance complement and expand economics of scale.
   (6) Accelerate the establishment of new manufacturing site in Thailand and continue to escalate the level of automationto effectively improve production efficiency.
3. Marketing:
   (1) Provide customer "ONE STOP SHOPPING" menu by integrating Chicony group product lines so as to meet the product demands of customers and to create the greatest profits by the most efficient marketing resources.
   (2) Continue to extend the customer base and market share of keyboard, digital image (DV, IPC CAM and lens module) and power supply products.
   (3) Expand new products including smart home, IP CAM, IOT-wearable devices, and drones.
   (4) Create CFT (Customer Focus Team) so as to integrate Chicony group marketing resources and deeply cultivate crucial customers.
4. Research and Development:
   (1) Collaborate with crucial international hardware/software customers and suppliers so as to control key technologies and create valuable new products together.
   (2) Create technology advantages by I.P. Know-How so as to set entry barriers.
   (3) Keep developing VA/VE (value analysis/value engineering) and improve product design to increase productivity efficiency and reduce production cost.

(4) Provide “Chicony R&D scholarship” to encourage more excellent R&D talents for developing greater R&D ability and efficiency.
(5) New Product Business Division keeps developing new product opportunities so as to create more blue-ocean market for Chicony.
(6) Establish Intellectual Property Center to obtain and protect patents belongs to Chicony group as well as manage cross-licensing of patents.

5. Human Resources:
(1) Keep providing profession and management training courses to cultivate employees’ professional technique and self-development.
(2) Help employees develop stable self-career plan with position rotation and job deputy, and, there through, the work capacity and position experience can be continuously applied and inherited for eternal operation purpose.
(3) Promote corporate social responsibility activities and allocate certain ratio of the company’s profits to help disadvantaged minorities in the education and medical perspectives. Cooperate with known colleges to cultivate young talents for potential manpower cultivation to present the solid result of corporate social responsibility of the Company.
(4) Keep pace with HR development and policy trend globally and react in time to maintain mutual benefits for both employer and employee.
(5) Concern for our employees thoroughly to inspire and keep excellent manpower with a profound retaining system and employee housing plans.

6. Finance
(1) Supervise budget control and carefully manage accounts receivable, inventory, and cash turnover.
(2) Strictly manage the tax-preserving materials and ensure the conduct of tax-preserving materials follow the legal regulation in other countries to make sure the company can benefit from the custom tax.
(3) Keep improve debt ratio, stock and finance affairs, and corporate governance.
(4) Adequately hedge against fluctuations in exchange rates and raw material costs.
(5) Conduct the most appropriate tax planning for the entire Chicony Group by thorough study of relevant tax laws and regulations in related countries.
(6) Minimize the interest cost and plan the middle and long term fund facility according to the trend of interest rate.
(7) Keep seeking companies with growth potential or complementary strengths as for investment object or future strategic alliance.

(3) Important production and marketing policies

1. Focus on the top 10 global brands of manufacturers in personal computers, notebooks, and image products. By increasing our business shares among these growing companies, we are able to expand our global market shares and strengthen our position.
2. Integrate our competitive advantages of multiple product lines, cross-selling, and collaborate material procurement resources.
3. Establish in-time warehouses logistic system to shorten product delivery time and gain advantages compare to our competitors.
4. Review and adjust production process to the optimum status. Adopt automatic production to increase productivity efficiency.
5. Establish VMI (Vendor Managed Inventory) system to enhance material delivery efficiency and reduce stocks of inventory.
6. Enhance current ERP system and provide management index information. Establish Business Policy Making room with timely information for decision making.

7. Accelerate the establishment of new manufacturing site in Thailand to satisfy customer demands and diversify risks.

3. Company development strategy and impact from external competition, laws and regulations, and the overall operating environment in the future:
These subjects are covered in the 2020 Business Plan summary. In addition, the operation of the Company is handled in accordance with laws and regulations. The Company operation has not been affected by the amendments of laws and regulations.

We wish our shareholders
Health and Good Luck

Chairman: Kent Hsu

General Manager: Roger Lu

Chief Accounting Officer: Molly Lin

II. Company Profile

I. Date of Incorporation: February 22, 1983

II. Company history and development

1983
- The Company was found by Mr. Yi Jen Li, the former Vice Chairman and Mr. Wei Nan Lu, the former Vice General Manager, initiated the Company with registered capital of NT$ 2,000,000 and engaged in the trade of computer peripheral products.

1985
- Mr. Kun Tai Hsu, the current Chairman, joined the Company and began to produce compatible product keyboards for APPLE and IBM.
- In order to add equipment, the Company issued new shares to raise capital of NT$14,000,000.
- In 1985, the revenue reached NT$39,000,000.

1986
- In 1986, the revenue reached NT$293,000,000, which was about 7.5 times compared to 1985.

1987
- The Company established the portable PC computer project.
- In order to add equipment, the Company issued new shares to raise capital of NT$47,000,000.
- The Company established the business unit (including the portable product and keyboard business unit).
- The Company made a contract and purchased a HP-3000 computer to conduct computerization.
- In 1987, revenue reached NT$585,000,000, which was doubled compared to 1986.

1988
- The Company was selected as one of the five major manufacturers of computer keyboards in the world by PC CLONES MAGAZINE.
- The Company got formal approval to invest in Chicony Electronics (Thailand) by the Department of International Cooperation, Ministry of Economic Affairs.
- The Company made new shares to raise capital in cash and capitalization of retained earnings amounting to NT$57,000,000.
- The laptop computer LT3400 officially began mass production.
- In 1988, the revenue reached $801,000,000, which was an increase of 37% compared to 1987.

1989
- Keyboard KB-5581 (KEYBOARD WITH TRACKING BALL) was awarded the Good Design Award.
- The factory of Thailand officially began to produce, and we created the first overseas products of the business unit.
- The Company bought the Nankan Factory in Lujhu Township of Taoyuan City (Taoyuan Factory) that covers an area of 4,500 acres.
- In response to the rapid growth of revenue, the Company issued new shares to raise capital of NT$78,000,000 with the subsequent capitalization of NT$198,000,000 for the demand for working capital.
- The Company established the Motherboard Business Unit.
- In 1989, the revenue reached NT$1,585,470,000, which was doubled compared to 1988.

	– The Ministry of Economic Affairs approved the Company to establish Chicony Overseas Inc. (COI), which operates PC products and peripheral equipment to strengthen foreign sales networks and customer services.
1990	– The Company established Hipro Electronics (TAIWAN) CO., LTD, which operate the Power Supply Unit.
	– Ranked among the Top 100 Taiwan Enterprises by the excellent performance of imports and exports.
	– Awarded with the Minister of the Ministry of Economic Affairs Prize of the Executive Yuan as a Company using the private brand of the trademark in overseas sales.
	– The Company established the completed overseas market sales network and production base through formally investing in Chicony Overseas Inc. (COI), holding 100% of its equity, and reinvested separately in the Company's distributors in the US and Europe, Chicony America Inc. (CAI), Chicony Electronics. GmbH (CEG) and Thailand's production base Chicony Electronics (Thailand) Co., Ltd. (CET).
	– The Nankan Factory in Lujhu Township of Taoyuan City began official operation.
	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company issued new shares to raise capital of NT$802,000,000 with subsequent capitalization of NT$1,000,000,000 and supplemental public issuance.
1991	– Mr. I Jen Li, the General Manager, was awarded the 45th National Outstanding Excellent Merchant of the Gold Merchant Awards of the Republic of China.
	– Mr. Mao Kuei Lin, Senior Vice General Manager was awarded the 9th Outstanding Production Manager of the Republic of China.
	– Office building groundbreaking in the Wugu industrial area began.
	– The Company made capitalization of retained earnings amounting to NT$120,000,000.
1992	– The Company planned a Motherboard factory in Thailand.
	– Keyboard KB-5591 was awarded The National Product Image Award.
1993	– The head office was completed and opened in Wugu.
1994	– The keyboard factory officially opened and began mass production in China.
1995	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company issued new shares to raise capital of NT$380,000,000 with subsequent capitalization of NT$1,500,000,000.
1996	– The Company ended the Motherboard Business Unit.
	– The Company reduced capital and raised capital in cash, NT$300,000,000 each.
	– Indirect investment in Chicony Electronics (UK) Ltd. through Chicony Overseas Inc. to operate keyboard sales.
1997	– Hipro Electronics (TAIWAN) CO., LTD. listed stocks in Thailand.
	– Keyboard KWD-601 was awarded The Best Product Award by the German version of Chip Magazine.
	– Mr. Yi Jen Li was elected as the Vice Chairman by the Board of Directors, and Mr. Mao Kuei Lin was promoted to General Manager from Executive Vice General Manager.

1998	– The monthly sales volume of keyboards reached 2.5 million units, and the performance jumped to number one in the world.
	– Indirect investment in Chicony Electronic (Dongguan) Co., Ltd. through Chicony Overseas, Inc. to operate keyboard production and sales.
	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled the capitalization of additional paid-in capital into new shares (including employee bonuses) and additional paid-in capital amounting to NT$324,804,270 with subsequent capitalization of NT$1,824,804,270.
1999	– On January 5, 1999, the stock was officially listed on the Taiwan Stock Exchange Corporation.
	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) and additional paid-in capital amounting to NT$397,395,730 with subsequent capitalization of NT$2,222,200,000.
2000	– The Company applied for Hipro Electronics (TAIWAN) CO., LTD stock to be delisted in Thailand, and the shareholding ratio increased from 32.29% to 75.33% through buyback by Chicony Overseas, Inc.
	– The Company established the Digital Image Business Unit.
	– The Company ended the Notebook Computer Business Unit.
2001	– Indirect investment in Chicony Electronic (SuChou) Co., Ltd. through Chicony Overseas, Inc. to operate computer keyboard production and sales and computer keyboard domestic sales in China.
2002	– The Company raised shares of stock to 99.8% for Hipro Electronics (TAIWAN) CO., LTD.
	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$273,250,000 with subsequent capitalization of NT$2,495,450,000.
	– In order to expand to the European market, the Company established Chicony Electronics CEZ s.r.o.
2003	– Mr. Yi Jen Li resigned as the Vice Chairman, and Mr. Mao Kuei Lin was elected as the Vice Chairman and General Manager by the Board of Directors.
	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$492,320,000 with subsequent capitalization of NT$2,987,770,000.
2004	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$747,230,000 with subsequent capitalization of NT$3,735,000,000.
	– Unikey Electronics Co., Ltd, which indirectly invested in the production and sales of optical instruments through Newmax Technology Co., LTD, has an original shareholding of 28.31%.
2005	– Monthly production of keyboards of notebook computers exceeded 1 million units.
	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$415,000,000 with

subsequent capitalization of NT$4,150,000,000.

2006
- Built-in camera modules and computer cameras performance jumped to the top in the world.
- Monthly production of computer cameras exceeded 1 million units.
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$275,500,000 with subsequent capitalization of NT$4,425,500,000.

2007
- Monthly production of notebook computers exceeded 3 million units.
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$583,500,000 with subsequent capitalization of NT$5,009,000,000.
- Indirect investment in Chicony Electronics (UK) Ltd went out of business.

2008
- Ranked 73th among the Top 100 in Global Technology selected by Business Week Magazine.
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$561,000,000 with subsequent capitalization of NT$5,570,000,000.

2009
- The Company stock was selected into the MSCI Taiwan Index.
- In order to restructure of the organization, according to the Business Mergers and Acquisitions Act, HIPRO ELECTRONICS (TAIWAN) CO., LTD. that invests 100% in the Company transferred related business (including assets and liabilities) of the power supply business to Chicony Power Technology Co., Ltd. and simultaneously increased capital by NT$2,081 billion so that the Company's direct and indirect shareholding reached 70.39%.
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$342,778,320 with subsequent capitalization of NT$5,912,778,320.

2010
- After approval of the change of registration by the Department of Commerce of the Ministry of Economic Affairs, the remaining treasury shares of stock swap of the 1st issue of domestic unsecured corporate bonds have been completed write-off and the reduction of capital of NT$10,008,820 with subsequent capitalization of NT$5,912,669,500.
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$343,474,480 with subsequent capitalization of NT$6,256,143,980.
- Chicony Power Technology Co., Ltd. of the reinvestment company, which was recognized by the equity method, established the LED Business Unit.
- Newmax Technology Co., LTD. of the indirect reinvestment company, which was recognized by the equity method, listed stock at the over-the-counter market.

2011
- Indirect investment in Chicony Electronics (Chongqing) Co., Ltd. through Chicony Overseas, Inc. to operate keyboard and digital imaging products production and sales.
- Indirect investment in Chicony Electronics (Chongqing) Co., Ltd. through

Chicony Power Technology Co., Ltd. to operate power supply and LED lamps production and sales.

– After approval of the change of registration by the Department of Commerce of the Ministry of Economic Affairs, the treasury shares completed write-off by the 8th buyback of 10,000 thousand and the reduction of capital of NT$100,000,000 with subsequent capitalization of NT$6,156,143,980.

– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$288,291,920 with subsequent capitalization of NT$6,444,435,900.

2012 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$313,346,190 with subsequent capitalization of NT$6,757,782,090.

2013 – Chicony Power Technology Co., Ltd. of the reinvestment company, which was recognized by the equity method, listed stocks on the emerging stock market on January 3rd and was listed on November 8th.

Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$109,434,050 with subsequent capitalization of NT$6,867,216,140.

2014 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$81,437,990 with subsequent capitalization of NT$6,948,654,130.

The Company was listed as component stocks on the “TWSE RAFIR Taiwan High Compensation 100 Index” by the Taiwan Stock Exchange.

The Company established the research and development center of National Taipei University of Technology with National Taipei University of Technology.

2015 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$89,447,010 with subsequent capitalization of NT$7,038,101,140.

The Company was listed in the top 20% of the first corporate governance evaluation score by the Taiwan Stock Exchange.

The Company was listed as component stocks on the “TWSE Corporate Governance 100 Index” by the Taiwan Stock Exchange.

The industrial category of the Company was adjusted from “computer and peripheral equipment industry” to “electronic components industry” by the Taiwan Stock Exchange on July 1st.

2016 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$82,719,020 with subsequent capitalization of NT$7,120,820,160.

The Company was listed in the top 20% of the second corporate governance evaluation score by the Taiwan Stock Exchange.

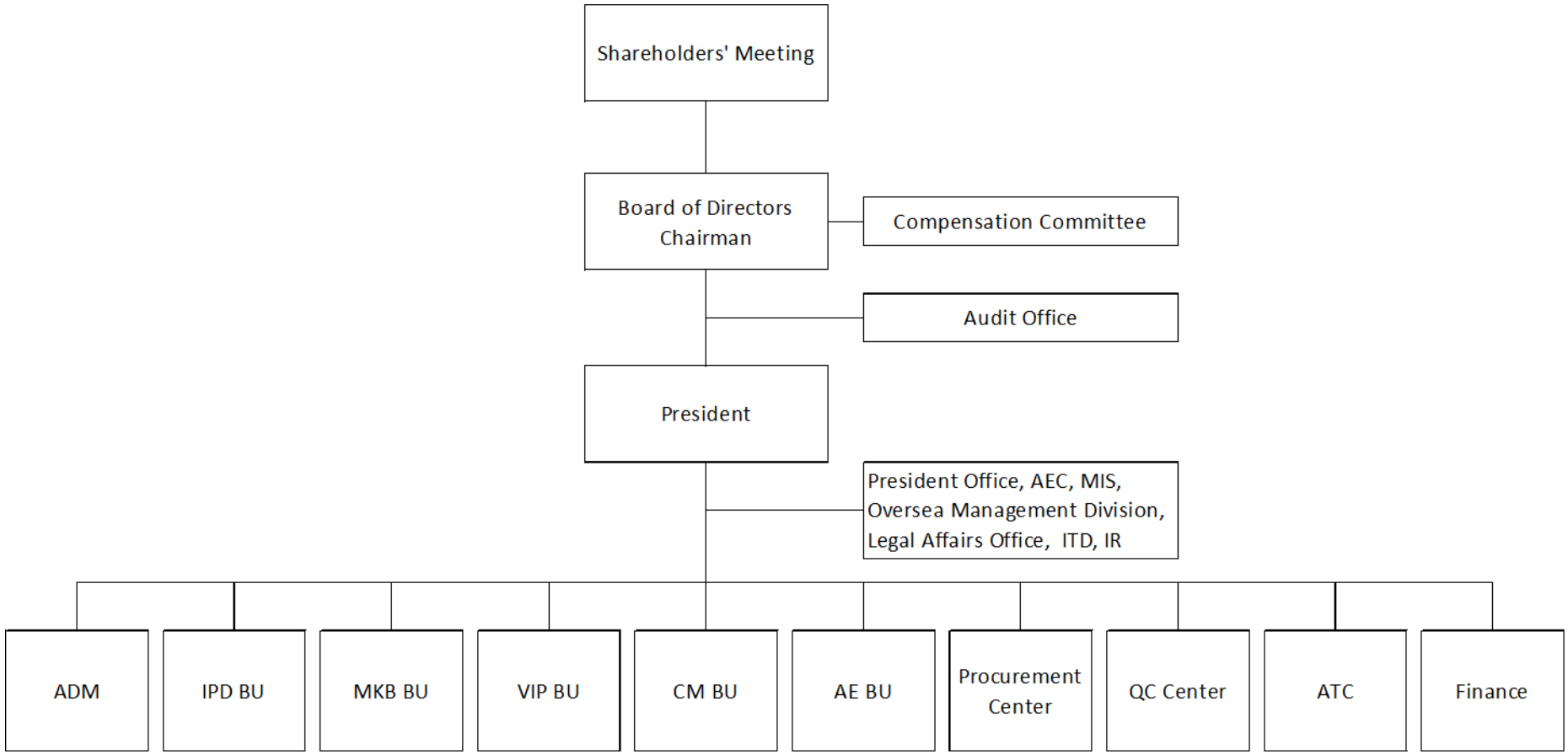
The headquarters building of Chicony Group was awarded the Diamond Green Building Mark by the Ministry of the Interior.

	The Company was relocated to the headquarters building of Chicony Group, Sanchung District, New Taipei City.
2017	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$85,230,960 with subsequent capitalization of NT$7,206,051,120.
	"Chicony Smart and Green Building" won the Platinum Award of Taiwan's Intelligent Green Building and the Diamond Award of Environmental Impact Assessment issued by the New Taipei City Government.
2018	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT$97,747,620 with subsequent capitalization of NT$7,303,798,740.
2019	– Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of employee bonuses amounting to NT$41,176,470 with subsequent capitalization of NT$7,344,975,210.
	The construction of Chicony Thailand plant started.

III. Corporate Governance Report

1. Organization system

(1) Organizational Structure of the Company



(2) Job Functions of Major Departments

Department	Primary Functions
Input Device Department	The Department handles materials procurement, production management, marketing, business management, post-sales service, etc. of input device products and wearable products of the head office and subsidiaries.
Portable Keyboard Business Unit	The Department handles materials procurement, production management, marketing, business management, research and development, post-sales service, etc. of portable keyboard products of the head office and subsidiaries.
Video Image Business Unit	The Department handles production management, marketing, business management, and post-sales services of video image products of the head office and subsidiaries.
Image Module Business Unit	The Department handles production management, marketing, business management, and post-sales services of digital image module products of the head office and subsidiaries.
Automotive Electronics Business Unit	The Department handles production management, marketing, business management, and post-sales services of automotive electronics products of the head office and subsidiaries.
Unified Purchasing Center	The Department handles materials procurement of information peripheral products and digital image products of the head office and subsidiaries.
Quality Control Center	The Department handles post-sales services of quality control of the head office and subsidiaries.
Financial and Administrative Department	The Department handles financial, accounting, stock affairs, customs affairs, and import and export business of the head office, manages the financial and accounting business of the subsidiaries.
Administration Department	The Department handles human resources, general affairs, and corporate social responsibility business of the head office and assists the subsidiary's human resources, industrial safety, and health business.
Auditing Office	Audits and evaluates the internal control system and audits the implementation of various rules and regulations

	of the head office and subsidiaries.
Investors Relations	Develop Company operation strategies and manage investors and media relationships.
New Product Development Center	The Center handles the development and research of new products and imports technological transfer to various business units of the head office and subsidiaries.
Intellectual Property Rights Center	The Center handles patent application, patent infringement, patent retrieval, and designing around and assists in handling patent litigation of the head office and subsidiaries.
Computer Center	The Center handles information business of the head office and assists in the planning of subsidiary information services.
Legal Affairs Division	The Division handles contract review, drafting, litigation and dispute cases, and other legal matters of the head office and affiliated enterprises.
Automation Engineering Center	The Center integrates and utilizes the Group's automation technology resources, and develops automation projects for each department, implements mass production by technology transfer to various business units, promotes business units to develop production automation, and has developed and accumulated automated production technology for a long time.

2. Profiles of the Directors, Supervisors, General Manager, Vice General Managers, Assistant Vice General Managers, Function Heads, and Branch Heads:

(1) Information on the Directors:

1. Information on the Directors (1):

4/12/2020 Units: share

Occupational Title	Nationality or Place of Registration	Name	Gender	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouses of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
Chairman	Republic of China	Hsu, Kun-Tai	Male	June 5, 2019	3 years	3.4.1985	81,615,782	11.11%	61,615,782	8.33%	4,021,401	0.54%	-	-	-	-	Provincial Taipei Institute of Technology Honorary Doctorate of National Taipei University of Technology Chairman of Clevo Co.	Chairman of Clevo Co., Ching Yuan, Hua Tai, Dong Ling, Hongwell Co., Ltd, Shanghai Hongwell, Changchun Hongwell, Taipei Twin Towers Co., Ltd Chairman (Legal Representative) of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd. Hongwell Siyuan Co., Ltd, Hongwell New Taipei Co., Ltd, Hongwell Ruiguang Co., Ltd. Chairman of subsidiaries: Chicony Tungwan, Suchou, Chongqing, Xavi Su Cho. Director of subsidiaries: Chicony Overseas Inc., Chicony Overseas Hong Kong Ltd, Chicony Global Inc., America, Czech Republic, Thailand, Mao Feng, Jui Yang, Guang Mau, Chicony America Group Inc., HIPRO Overseas, XAVi Technologies Corporation, XAVi Overseas, Directmax, Systemax Director and General Manager of Mao Ray Director of Legal Representative of Unikey Electronics Co., Ltd.	-	-	-

Occupational Title	Nationality or Place of Registration	Name	Gender	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouses of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
Director	Republic of China	Lu, Chin-Chung	Male	June 5, 2019	3 years	5.18.2004	2,432,971	0.33%	3,191,042	0.43%	1,592,628	0.22%	-	-	63,900	0.01%	Department of Business Administration and MBA Program, National Chengchi University Chicony Electronic Co., Ltd. Business Supervisor, Manager, Director, Assistant General Manager, Vice General Manager	General Manager of the Company Chairman of Legal Representative of Chicony Power Technology Co., Ltd., XAVi Technologies Corporation, Unikey Electronics Co., Ltd. Director of Legal Representative of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd. Director of subsidiaries: Chicony Overseas, Chicony Overseas Hong Kong Ltd., Czech Republic, Japan, Su Chou, Thailand, HIPRO Overseas, Jui Yang, Mao Feng, Kuang Hsin, Mau Chiun, Guang Mau, Chicony America Group Inc., Chicony Power Technology Hong Kong, Su Chou, Chung Ching, Dongguan, Thailand, Chicony Power America Holding, International, Tungwan Trading Company, Chicony Energy Shanghai, Guang Sheng Electronics Nan Chang, XAVI Overseas, XAVI Su Chou, Directmax, and Systemax. Director and Secretary of Chicony America Director and General Manager of Chicony Tungwan Director and Supervisor of Mao Ray Supervisor of Chicony Chongqing Director of Legal Representative of Shun On Electronics CO., LTD. and Newmax Technology Co., LTD.	-	-	-
Director	Republic of China	Tsai, Ming-Hsien	Male	June 5, 2019	3 years	5.30.2001	29,355	-	29,355	-	59,175	0.01%	-	-	-	-	Provincial Taipei Institute of Technology MBA program, National Chengchi University General Manager of Clevo Co.	Vice Chairman and General Manager of Clevo Co.	-	-	-
Director	Republic of China	Li, Cih-Jing	Female	June 5, 2019	3 years	6.05. 2019	828,037	0.11%	828,037	0.11%							Provincial Taipei Institute of Business	Director of Chicony Power Technology Co., Ltd. Supervisor of XAVI Technologies Corporation			

Occupational Title	Nationality or Place of Registration	Name	Gender	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouses of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
Director	Republic of China	Liu, Chia-Sheng	Male	June 5, 2019	3 years	5.30.2001	581,496	0.08%	590,261	0.08%	-	-	-	-	-	-	Provincial Taipei Institute of Technology Director of Kuo Fong Motors	Nil	-	-	-
Director	Republic of China	Dong Ling Investment Co., Ltd.	Legal Person	June 5, 2019	3 years	5.18.2004	11,171,329	1.51%	11,171,329	1.51%	-	-	-	-	-	-	-	-	-	-	-
	Republic of China	Liu, Chia-Sheng	Male	June 5, 2019	3 years	5.30.2001	590,261	0.08%	590,261	0.08%	-	-	-	-	-	-	Provincial Taipei Institute of Technology Director of Kuo Fong Motors	Nil	Director	Wei, Chuan-Pin	Couples
Independent Director	Republic of China	Lee, Yen-Sung	Male	June 5, 2019	3 years	6.08.2016	-	-	-	-	-	-	-	-	-	-	Master's degree, Department of Accounting, Soochow University Director, Accounting Research and Development Foundation	Independent Director and Remuneration Committee Member of FamilyMart Co., LTD., Charoen Pokphand Enterprise Co., LTD., Co., LTD., Sincere Navigation Co., LTD.	-	-	-
Independent Director	Republic of China	Lin, Ming-Ji	Male	June 5, 2019	3 years	6.08.2016	21,433	-	21,433	-	-	-	-	-	-	-	Doctorate in Business Administration, National Chengchi University Department Chairman of Business Administration, National Central University	Independent Director member and Remuneration Committee Member of GMI Technology Inc. and CSUN Co., LTD. Corporate Supervisor of Unitech Co., LTD.	-	-	-
Supervisor	Republic of China	Chu, Jia-Siang	Male	June 5, 2019	3 years	6.05.2019	-	-	-	-	-	-	-	-	-	-	Graduated from the department of Electrical Engineering of National Tsing Hua University Chairman of WK Technology Fund IX	Chairman of WK Technology IX Director of WK Innovation Ltd. General Manager of WK Technology Fund Independent Director of QT Hong Kong	-	-	-

Note: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers)：None.

Note: The shareholding ratio is equal to the number of holding shares/the total number of issued shares.

Table 1: Directors are corporate shareholder representatives and the major shareholders of corporate shareholders.

Name of Corporate Shareholder	Main Shareholders (Name and shareholding of the Top 10 shareholders of the corporate)
Dong Ling Investment Co., Ltd.	Hsu, Kun-Tai(82%); Kang, Min-Chen (10.2%); Hongwell Co., Ltd (2.72%); Hsu, Yueh-Sen (2.68%); Lin, Feng-Chu (1.8%); Hsu, Wen-Hsin (0.6%)

Table 2: Directors are corporate shareholder representatives and the major shareholders of corporate shareholders

Name of Corporate Shareholder	Main Shareholders (Name and shareholding of the Top 10 shareholders of the corporate)
Hongwell Co., Ltd	Hsu, Kun-Tai(68.9%); Kang, Min-Chen (11.31%); Ching Yuan Investment Co., Ltd. (7.11%); Hua Tai Investment Co., Ltd. (6.67%); Hsu, Wen-Hsin (2.44%) ; Hsu, Li-Hsin (2.34%); Hsu, Cheng-Hsin (0.8%); Lin, Feng-Chu (0.22%); Chiu, Chung-Che (0.13%); Wu, Jen-An (0.03%)

1. Information on the Professionalism and Independence of Directors (2):

Condition / Name	Do they have more than 5 years of work experience and met the professional qualifications specified below?			Conform to the status of independence（note）.												Number of public companies that the Independent Director also holds the position as independent director in.
	In the capacity of a tutor or above in a public or private school of higher education in the disciplines of commerce, law, finance, accounting, or any other areas of specialization required for the business operation of the Company.	A professional or technician who has passed the national examination for professionals like court judge, prosecutor, lawyer, certified public accountant, or any other expertise required for the business operation of the Company with the issuance of a certificate of completion.	Work experience in commerce, law, finance, accounting, or a specialization required by the business operation of the Company.	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman: Hsu, Kun-Tai			✓				✓		✓			✓	✓	✓	✓	0
Director and General Manager: Lu, Chin-Tsung			✓			✓	✓		✓			✓	✓	✓	✓	0
Director: Tsai, Min-Hsien			✓			✓	✓	✓	✓			✓	✓	✓	✓	0
Director: Dong Ling Investment Co., Ltd. Legal Representative: Liu, Jia-Sheng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director: Li, Cih-Jing			✓	✓	✓		✓	✓	✓			✓	✓	✓	✓	0
Independent Director: Li, Yan-Song	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Independent Director: Lin, Ming-Chieh	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director: Chu, Jia-Siang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: If the Directors and Supervisors met the following conditions in the period of 2 years prior to the assumption of office and within the term of office, put a "✓" in the appropriate box representing the specific condition.

(1) Not an employee of the Company or an affiliate.

(2) Not a director or supervisor of the Company or its affiliates. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
(3) Not a natural person, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Company or among the top 10 natural person shareholders.
(4) Not a manager in (1). Or not a spouse, kin at the second tier under the Civil Code, or a lineal blood relative within the third tier under the Civil Code as specified in (2) and (3).
(5) Not a director, supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of a corporate shareholder who is among the top 5 shareholders. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
(6) Not a director, supervisor or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
(7) Not a director, supervisor or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
(8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company. (Not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the company's outstanding shares, and is an independent director of the Company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)
(9) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that audited or provides business, legal, financial and accounting services for total compensation not exceeding NT$500,000 in the most recent two years to the Company or its affiliates or a spouse to the persons. This does not apply to members of the Remuneration Committee, Public Tender Offer Reviews Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.
(10) Not a spouse to or kin at the second tier under the Civil Code to any other director.
(11) Not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act.
(12) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Act.

(2) Manager Information

4/12/2020 Units: share

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouse' of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
General Manager	Republic of China	Lu, Chin-Chung	Male	12.1.2016	3,191,042	0.43%	1,592,628	0.22%	-	-	63,900	0.01%	Department of Business Administration and MBA Program, National Chengchi University Business Supervisor, Manager, Director, Assistant General Manager, Vice General Manager of Chicony Electronic Corporate	General Manager of the Company Chairman of Legal Representative of Chicony Power Technology Co., Ltd., XAVi Technologies Corporation, Unikey Electronics Co., Ltd. Director of Legal Representative of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd. Director of subsidiaries: Chicony Overseas, Chicony Overseas Hong Kong Ltd., Czech Republic, Japan, Su Chou, Thailand, HIPRO Overseas, Jui Yang, Mao Feng, Kuang Hsin, Mau Chiun, Guang Mau, Chicony America Group Inc., Chicony Power Technology Hong Kong, Su Chou, Chung Ching, Dongguan, Thailand, Chicony Power America Holding, International, Tungwan Trading Company, Chicony Energy Shanghai, Guang Sheng Electronics Nan Chang, XAVI Overseas, XAVI Su Chou, Directmax, and Systemax. Director and Secretary of Chicony America Director and General Manager of Chicony Tungwan Director and Supervisor of Mao Ray Supervisor of Chicony Chongqing Director of Legal Representative of Shun On Electronics CO., LTD. and Newmax Technology Co., LTD.	-	-	-
Chicony America Company General Manager	Republic of China	Chang , Yao-Ching	Male	10.17.1993	465,810	0.06%	-	-	-	-	7,500	-	Graduated from the Department of Law, National Chung Hsing University Chicony Electronic Corporate Business Director, Assistant General Manager, Vice General Manager	Director and CFO of Chicony America Director and Secretary of Chicony America Director of Chicony Power America Co., Ltd.	-	-	-
Special Assistant	Republic of China	Chen, Shao-Lung	Male	6.1.2011	1,634,808	0.22%	6,432	-	-	-	6,000	-	Graduated from the Department of Applied Mathematics, National Chiao Tung University Head of the Planning Department and Head of the Marketing Planning Department of LiteOn Co., Ltd. Business Manager, Purchasing Director of Chicony Co., Ltd. and General Manager of Chicony Thailand Co., Ltd. and Chicony Germany Co., Ltd.	Nil	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouse' of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
General Manager of the IPD Business Unit	Republic of China	Huang, Chien-Yu	Male	10.26.2011	1,073,670	0.15%	178,288	0.02%	-	-	1,035,100	0.14%	Graduated from the Department of Electrical Engineering, Fu Jen Catholic University Vice General Manager of the IPD Development Division of Chicony Electronic Co., Ltd., General Manager of Chicony Dongguan Company, Acting General Manager of the Business unit	Chairman of Suchou Chunyang, Suchou Maochun, Mao Jui Director of the Subsidiaries: XAVI Technologies Corporation, Chicony Japan, Chicony Chongqing, Chiocny Dongguan, Jui Yang Supervisor of Chicony Suchou	-	-	-
General Manager of the CM Business Unit	Republic of China	Dung , Yan-Liang	Male	8.1.2013	203,016	0.03%	-	-	-	-	40,256	0.01%	Graduated from the Department of Electronics, Hsin-pu Industrial and Technological Junior College Company Special Assistant of XAVi Technologies Corporation Senior Assistant General Manager of Hon Hai Precision Industry Co., Ltd.	Nil	-	-	-
General Manager of the AE Business Unit	Republic of China	Cheng, Wei-Hao	Male	3.1.2018	224,765	0.03%	-	–	-	-	29,400	-	Graduated from the MBA Program, National Cheng Kung University General Manager of the Business Unit of Chicony Power Technology Co., Ltd.	Nil	-	-	-
General Manager of the Business Unit of Subsidiary Companies	Republic of China	Chou, Yung-Chang	Male	12.1.2016	304,491	0.04%	-	-	-	-	21,900	-	National Taipei University of Business MBA Master's, California State University Business Manager of Super Company Business Manager, Director, Vice General Manager of the CM Business Division of Chicony Electronic Co., Ltd.	Director of XAVI Technologies Corporation	-	-	-
Acting General Manager of the MKB Business Unit	Republic of China	Tsai, Chin-Cheng	Male	12.1.2016	236,196	0.03%	-	-	-	-	15,600	-	MBA Master of Business Management, Da-Yeh University Assistant General Manager of the MKB Development Division of Chicony Electronics Co., Ltd.	Director of Chicony Suchou Supervisor of Suchou Chunyang Director and General Manager of Chicony Chongqing	-	-	-
Acting General Manager of the MKB Business Unit	Republic of China	Hsu, Chieh-Hsiang	Male	2.1.2019	146,607	0.02%	-	-	-	-	50,350	0.01%	Department of Bio-Industrial Mechatronics Engineering, National Taiwan University Department of Mechanical and Electro-Mechanical Engineering, Tamkang University Vice General Manager of the MKB Business Unit of Chicony Electronic Co., Ltd.	Nil	-	-	-
Acting General Manager of VIPs	Republic of China	Tsai, Mei-I	Female	4.1.2010	369,045	0.05%	-	-	-	-	47,100	0.01%	Graduated from the EMBA Program, Department of International Business, National Taiwan University Executive Vice General Manager of Ho Hsun Digital Co., Ltd. and Assistant General Manager of the VIP Development Division of Chicony Electronics Co., Ltd.	Supervisor of XAVI Technologies Corporation	-	-	-
Chief Purchasing Officer	Republic of China	Chang, Chao-Hsien	Male	8.1.2013	88,297	0.01%	-	-	-	-	18,600	0.01%	Graduated from the Department of Electrical Engineering, Ming Chi Industrial and Technological Junior College Vice General Manager of Compal Electronics, Inc. and Assistant General Manager of Taiwan Lu Pa Co., Ltd.	Nil	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouse' of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
General Manager of the CM Business Division	Republic of China	Li, Pei-Jan	Male	7.1.2011	573,405	0.08%	-	-	-	-	30,000	-	Graduated from the Department of Shipping and Transportation Management, National Taiwan Ocean University Assistant General Manager of the Business Division of Chicony Electronics Co., Ltd.	Nil	-	-	-
General Manager of the New Product Development Center	Republic of China	Huang, Kuang-Yu	Male	11.1.2006	1,114,563	0.15%	-	-	-	-	53,466	0.01%	Graduated from the Department of Business Mathematics, Soochow University Manager and Director of the IPD Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-
General Manager of the Financial and Administrative Department	Republic of China	Lin, Yu-Ling	Female	12.1.2016	388,994	0.05%	-	-	-	-	28,800	0.01%	Graduated from the Department of Finance, National Taiwan University Master of Accounting, George Washington University CPA of Chiun Ye Accountancy Firm Accounting Manager and Director of Chicony Electronic Co., Ltd.	Director of Chicony Czech Republic, Chicony Thailand Supervisor of Subsidiaries: Chicony Japan, XAVI Technologies Corporation Director of the Legal Representative of WK Technology Fund Co., Ltd, Mai Shish Erh Hao Fund Co., Ltd., Laster Tech Co., Ltd., Alcor Micro Co., Ltd., Cheng Ting Fund Co., Ltd., Pei Ke Chih Hsing Fund Co., Ltd., Sheng-Da Venture Capital Legal Representative Supervisor of Top Taiwan Venture Capital Co., Ltd.	-	-	-
Vice General Manager of the Automation Engineering Center	Republic of China	Tseng, Chin-Cheng	Male	4.1.2010	207,219	0.03%	-	-	-	-	37,053	0.01%	Graduated from the Institute of Mechanical Engineering, National Taiwan University Manager of Hao Shih Technology Co., Ltd. Assistant General Manager of ASKEY Computer CO., Ltd.	Nil	-	-	-
General Manager of the IPD Business Division	Republic of China	Tu, Ku-Chin	Male	08.06.2013	284,020	0.04%	-	-	-	-	31,800	-	Graduated from the Department of Engineering Economics Management, University of Oxford, UK Director of the Business Division of Chicony Electronic Co., Ltd.	Nil	-	-	-
Assistant General Manager of the Overseas Business Management Division	Republic of China	Chuang, Ting-Shan	Male	02.01.2006	27,196	-	-	-	-	-	19,200	-	Graduated from the Department of Business Administration, Feng Chia University Director of the Overseas Business Management Division of Chicony Electronic Co., Ltd.	Nil	-	-	-
Assistant General Manager of the MKB Development Department	Republic of China	Chen, Tsung-Ming	Male	08.06.2013	225,688	0.03%	200,050	0.03%	-	-	37,156	0.01%	Graduated from the Department of Machinery, National Chiayi Institute of Agriculture Director of the Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		The Person and the Spouse' of Retained Discretion Over Use of Trust Shares		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
Assistant General Manager of MKB PM	Republic of China	Yang, Ching-Wu	Male	07.04.2014	178,535	0.02%	10,417	-	-	-	29,400	-	Graduated from the Department of Electronics and Information, Tamsui Industrial and Technological Junior College Vice General Manager of Sysgration Co., Ltd.	Nil	-	-	-
Chief Information Officer	Republic of China	Chang, Yu-Yun	Male	12.01.2014	163,539	0.02%	-	-	-	-	7,200	-	Graduated from Pittsburgh University Vice General Manager of Inventec Co., Ltd.	Nil	-	-	-
Chief Human Resources Officer	Republic of China	Hsiao, Huan-Wen	Male	12.01.2016	215,225	0.03%	30	-	-	-	11,100	-	Graduated from Newport International University Assistant General Manager of the Human Resources Division of Chicony Electronics Co., Ltd	Nil	-	-	-
Special Assistant	Republic of China	Chen, Chiu-Mei	Female	09.01.2017	152,243	0.02%	-	-	-	-	69,408	0.01%	Graduated from the University of Pennsylvania Training Manager of Hung Chang Information Company	Nil	-	-	-
Assistant General Manager of the Subsidiary Company	Republic of China	Juan, Yun-Chu	Female	10.17. 2018	104,232	0.01%	-	-	-	-	28,402	-	Masters of Industrial Engineering and Management, National Chiao Tung University Director of the Unified Purchasing Division of Chicony Electronic Co., Ltd.	Nil	-	-	-
Deputy Director of the Audit Division	Republic of China	Chao, Yuan-Hung	Male	04.01.2020	7,293	-	-	-	-	-	-	-	Master of University of Glasgow Senior Assistant Manager of Inventec Corporation	Nil	-	-	-

Note: The shareholding ratio is equal to the number of holding shares/the total number of issued shares.

(3) Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers)：None.

(4) Remuneration to the Directors, Supervisors, General Manager, and Vice General Managers

1. Remuneration Paid to Directors (Including Independent Directors) in 2019

Units: NTD Thousands

Occupational Title	Name	Remuneration of Directors								Percent of A, B, C, and D to Net Profit After Tax		Relevant Remuneration of Part-time Personnel								Percent of A, B, C, D, E, F, and G to Net Profit After Tax		Any remuneration from other direct investments other than the subsidiaries
		Remuneration (A)		Severance Payment and Pension (B)		Remuneration to Directors Note 1 (C)		Business Subsidy (D)				Salaries, Bonuses, and Special Accounts Note 2 (E)		Severance Payment and Pension (F)		Remuneration to Employees Note 1 (G)						
																The Company		All Companies Included in the Financial Statements				
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock	The Company	All Companies Included in the Financial Statements	
Chairman	Hsu, Kun-Tai	5,804	5,804	-	-	41,531	47,998	-	-	0.81	0.92	2,778	39,361	56	56	741	52,122	741	52,122	1.77	2.50	-
Director	Lu, Chin-Chung																					
Director	Tsai, Ming-Hsien																					
Director	Li, Cih-Jing																					
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng																					
Director	Wei, Chuan-Pin																					
Independent Director	Lee, Yen-Sung	-	-	-	-	6,520	6,520	-	-	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	-
Independent Director	Lin, Ming-Ji																					
Independent Director	Chu, Jia-Siang																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration：

For the remuneration of the independent directors of the Company, the Remuneration Committee shall follow Article 18 of the Articles of Association, with reference to the extent of each director's participation in the operation of the Company and the value of contribution, and draft in the directors' remuneration proposal the amount and the principle of payment, for submitting it to the board of directors for resolution.

2. Further to the disclosure in the above Table, the remuneration received by the Director who performed service to all companies included in the financial statements in the most recent year (such as a consultant): Nil.

Note 1: Remuneration of Directors, employees, and any remuneration from other invested businesses apart from subsidiaries proposed for distribution this year.

Note 2: Remuneration should be disclosed by accrual basis.

Note 3: Newly Elected on June 5, 2019: Hsu, Kun-Tai; Lu, Chin-Chung; Tsai, Ming-Hsien; Li, Cih-Jing; Dong Ling Investment Co., Ltd Legal Representative: Liu, Chia-Sheng; Lee, Yen-Sung; Lin, Ming-Ji; Chu, Jia-Siang

Note 4: Resigned on June 5, 2019: Wei, Chuan-Pin

Table of Salary Scale: Directors and Independent Directors

Bracket of Payment to Each Director of the Company	Names of Directors and Independent Directors			
	Total amount of remuneration of the sum of these 4 items (A+B+C+D).		The total amount of remuneration of the sum of these 7 items (A+B+C+D+E+F+G).	
	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements
Less than NT$1,000,000	-	-	-	-
NT$1,000,000 - NT$2,000,000 (exclusive)	Chu, Jia-Siang/Wei, Chuan- Pin	Chu, Jia-Siang/Wei, Chuan- Pin	Chu, Jia-Siang/Wei, Chuan- Pin	Chu, Jia-Siang/Wei, Chuan- Pin
NT$2,000,000 - NT$3,500,000 (exclusive)	Lee, Yen-Sung/Lin, Ming-Ji	Lee, Yen-Sung/Lin, Ming-Ji	Lee, Yen-Sung/Lin, Ming-Ji	Lee, Yen-Sung/Lin, Ming-Ji
NT$3,500,000 - NT$5,000,000 (exclusive)	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng
NT$5,000,000 - NT$10,000,000 (exclusive)	Lu, Chun-Chung/Li, Cih-Jing	Li, Cih-Jing	Li, Cih-Jing	Li, Cih-Jing
NT$10,000,000 - NT$15,000,000 (exclusive)	-	-	Lu, Chun-Chung	-
NT$15,000,000- NT$30,000,000 (exclusive)	Hsu, Kun-Tai	Hsu, Kun-Tai/Lu, Chin Chung	Hsu, Kun-Tai	Hsu, Kun-Tai
NT$30,000,000- NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 - NT$100,000,000 (exclusive)	-	-	-	Lu, Chun-Chung
More than NT$ 100,000,000	-	-	-	-
Total	9	9	9	9

Note 1: Remuneration to employees used the proposed distribution for this year to estimate the amount that has not been paid yet, therefore the Bracket of Remuneration did not include the Remuneration to Employees.

Note 2: Newly Elected on June 5, 2019: Hsu, Kun-Tai; Lu, Chin-Chung; Tsai, Ming-Hsien; Li, Cih-Jing; Dong Ling Investment Co., Ltd Legal Representative: Liu, Chia-Sheng; Lee, Yen-Sung; Lin, Ming-Ji; Chu, Jia-Siang

Note 3: Resigned on June 5, 2019: Wei, Chuan-Pin

2. Remuneration Paid to Supervisors in 2019

Units: NTD Thousands

Occupational Title	Name	Remuneration to Supervisors						The sum of A, B, and C in proportion to net income%.		Remuneration from Investments Other Than Subsidiaries or the Parent Company
		Remuneration (A)		Remuneration (Note) (B)		Business Subsidy (C)				
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	
Supervisor	Huang, Chin-Hsuan	-	-	4,019	4,019	-	-	0.07	0.07	-
Supervisor	Huang, Chen-Chih									
Supervisor	Dong Ling Investment Co., Ltd. Representative of the Legal Entity: Chang, Su-Tien									

Note: Remuneration to the Supervisors proposed for distribution this year. All supervisors Resigned on June 5, 2019.

Table of Salary Scale: Supervisor

Bracket of Payment to Each Supervisor of the Company	Name of Supervisor	
	Total amount of remuneration of the sum of these 3 items (A+B+C)	
	The Company	All Companies Included in the Financial Statements
Less than NT$1,000,000	Huang, Chin-Hsuan/ Huang, Chen Chih/ Legal Representative of Dong Ling Investment Co., Ltd.: Chang, Su Tien	Huang, Chin-Hsuan/ Huang, Chen Chih/ Legal Representative of Dong Ling Investment Co., Ltd.: Chang, Su Tien
NT$1,000,000 - NT$2,000,000 (exclusive)	-	-
NT$2,000,000 - NT$3,500,000 (exclusive)	-	-
NT$3,500,000 - NT$5,000,000 (exclusive)	-	-
NT$5,000,000 - NT$10,000,000 (exclusive)	-	-
NT$10,000,000 - NT$15,000,000 (exclusive)	-	-
NT$15,000,000- NT$30,000,000 (exclusive)	-	-
NT$30,000,000- NT$50,000,000 (exclusive)	-	-
NT$50,000,000 - NT$100,000,000 (exclusive)	-	-
More than NT$ 100,000,000	-	-
Total	3	3

3. Remuneration Paid to the General Manager and Vice General Manager in 2019 Units: NTD Thousands

Occupational Title	Name	Salary (Note 2) (A)		Severance Payment and Pension (B)		Bonus and Special Account (Note 3) (C)		Amount of Remuneration to Employees (Note 1) (D)				The sum of A, B, C, and D in proportion to net income (%).		Any remuneration from other direct investments other than the subsidiaries.
								The Company		All Companies Included in the Financial Statements				
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock	The Company	All Companies Included in the Financial Statements	
General Manager	Lu, Chin-Chung	31,660	47,766	1,684	2,143	7,398	79,977	8,029	122,091	8,770	137,731	2.93	4.73	-
Subsidiary General Manager	Chang, Yao-Ching													
Special Assistant	Chen, Shao-Lung													
General Manager of the IPD Business Unit	Huang, Chien-Yu													
General Manager of the CM Business Unit	Dung, Yan-Liang													
General Manager of the AE Business Unit	Cheng, Wei-Hao													
General Manager of the Business Unit of the Subsidiary Company	Chou, Yung-Chang													
Acting General Manager of the MKB Business Unit	Tsai, Chin-Cheng													
Acting General Manager of the CM Business Unit	Hsu. Chieh-Hsiang													
Acting General Manager of the VIP Business Unit	Tsai, Mei-I													
Chief Purchasing Officer	Chang, Chao-Hsien													
Vice General Manager	Li, Pei-Jan													
Vice General Manager	Tu, Ku-Chin													
Vice General Manager	Huang, Kuang-Yu													
Vice General Manager	Lin, Yu-Ling													
Chief Human Resources Officer	Hsiao, Huan-Wen													

Note 1: Remuneration of Directors, employees, and any remuneration from other invested businesses apart from subsidiaries proposed for distribution this year.

Note 2: Remuneration should be disclosed by accrual basis.

Table of Salary Scale: General Manager and Vice General Manager

Bracket of Payment to Each General Manager and Vice General Manager of the Company	Names of the General Manager and Vice General Managers	
	The Company	All Companies Included in the Financial Statements
Less than NT$1,000,000	-	-
NT$1,000,000 - NT$2,000,000 (exclusive)	Huang, Chien-Yu/Tsai, Chin- Cheng/Chen, Wei-Hao/Li, Pei-Jan/Lin, Yu-Ling/Hsu, Chieh-Hsiang/Hsiao, Huan-Wen	-
NT$2,000,000 - NT$3,500,000 (exclusive)	Lu, Chin Chung/Chen, Shao- Lung/Tsai, Mei-I/ Chou,Yung-Chang/Tu, Ku-Chin	Chen, Shao- Lung/Chen, Wei-Hao/Hsiao, Huan-Wen
NT$3,500,000 - NT$5,000,000 (exclusive)	Huang, Kuang-Yu/Dung, Yan-Liang/Chang, Chao-Hsien/Chang, Yao-Ching	Chou,Yung-Chang
NT$5,000,000 - NT$10,000,000 (exclusive)	-	Huang, Chien-Yu/ Dung, Yan-Liang/Tsai, Chin-Cheng/Hsu, Chieh- Hsiang/Tsai, Mei-I /Tu, Ku-Chin/Li, Pei-Jan/Huang, Kuang-Yu/Chang, Chao-Hsien/Lin, Yu-Ling
NT$10,000,000 - NT$15,000,000 (exclusive)	-	Chang, Yao-Ching
NT$15,000,000- NT$30,000,000 (exclusive)	-	-
NT$30,000,000- NT$50,000,000 (exclusive)	-	Lu, Chin-Chung
NT$50,000,000 - NT$100,000,000 (exclusive)	-	-
More than NT$ 100,000,000	-	-
Total	16	16

Note: Remuneration to employees used the proposed for distribution this year to estimate the amount that has not been paid yet, therefore the Bracket of Remuneration did not include the Remuneration to Employees.

Note：

1. After-tax loss occurring in individual or respective financial reports in the last three years: None.
2. Where the results of the corporate governance evaluation of a listed and OTC company in the most recent year fall in the last level, or the trading method has been changed, trading has been suspended, listing has been terminated, or other facts where the Corporate Governance Evaluation Committee passed the resolution that the Company shall not be evaluated in the most recent year and up to the date of printing of

the annual report: None.

Where a listed or OTC company has any of the preceding circumstances, it shall disclose the remuneration of the top five directors separately: The Company does not have the circumstances in 1 and 2 above.

4. Names of Managers and the Distribution of Remuneration to Employees in 2019

Unit: NTD 1,000

	Occupational Title	Name	Amount in Stock	Amount in Cash	Total	Total Amount in Proportion the Net Income
Manager	General Manager	Lu, Chin-Chung	142,834	11,557	154,391	2.64%
	General Manager of Chicony America Corporation	Chang, Yao-Ching				
	Special Assistant	Chen, Shao-Lung				
	General Manager of the IPD Business Unit	Huang, Chien-Yu				
	General Manager of the Business Unit of the Subsidiary Company	Chou, Yung-Chang				
	Acting General Manager of the CM Business Unit	Tung, Yen-Liang				
	General Manager of the AE Business Unit	Cheng, Wei-Hao				
	Acting General Manager of the MKB Business Unit	Tsai, Chin-Cheng				
	Acting General Manager of the MKB Business Unit	Hsu, Chieh- Hsiang				
	Acting General Manager of the VIP Business Unit	Tsai, Mei-I				
	Chief Purchasing Officer	Chang, Chao-Hsien				
	Vice General Manager of the CM Business Department	Li, Pei-Jan				
	Vice General Manager of the IPD Business Division	Tu, Ku-Chin				
	Vice General Manager of the New Product Development Division	Huang, Kuang-Yu				
	Vice General Manager of the Financial and Administrative Department	Lin, Yu-Ling				
	Acting Vice General Manager of the Automation Engineering Center	Tseng, Chin-Cheng				
	Assistant General Manager of the Overseas Business Management Division	Chuang, Ting-Shan				
	Assistant General Manager of the MKB Development Division	Chen, Tsung-Min				
	Assistant General Manager of the MKB PM	Yang, Ching-Wu				
	Chief Information Officer	Chang, Yu-Yun				
	Chief Human Resources Officer	Hsiao, Huan-Wen				
	Special Assistant	Chen, Chiu-Mei				
	Assistant General Manager of the Subsidiary Company	Juan, Yun-Chu				
	Chief Auditing Officer	Wang, Tzu-Jun				

Note: According to the amendment, employees can allocate amounts to the proposed remuneration of employees.

(5) The Company and all companies included in the Consolidated Financial Statements to the Directors, Supervisors, General Manager, and Vice General Manager in proportion to the net income of the Separate Financial Statements in the last two years, with analysis of the remuneration policy, standard and combination, procedure for setting the remuneration, the association with operation performance, and risks in the future:

1. The following table is of remuneration paid to directors, supervisors, general managers, and Vice General managers in proportion to the net income of 2019 and 2018 Financial Statements.

Unit: NT$ 1,000

	Total Amount of Remuneration				Total Amount in Proportion to the Net Income			
	2019		2018		2019		2018	
	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements
Remuneration to Directors	53,855	60,322	30,975	35,962	0.92	1.03	0.86	1.00
Remuneration to the Supervisor	4,019	4,019	5,551	5,551	0.07	0.07	0.15	0.15
Remuneration to the General Manager and the Vice General Managers	170,862	276,387	181,740	268,512	2.93	4.73	5.06	7.48

2. The remuneration policy, standard and combination, and the procedure for setting the remuneration:

(1) The remuneration of directors (including independent directors) of the Company, including compensation and distribution of income remuneration to directors. In the compensation part, it is reported to the Board of Directors after discussion by the Remuneration Committee; in respect of the remuneration of the distribution of income to directors, before the Board of Directors decides to pay the amount, the Remuneration Committee complies with the provisions of Article 18 of the Articles of Incorporation of the Company, within the limit of not more than 1% of the annual profit, and considers the value of the degree and contribution of the directors to the operation of the Company, and discusses the suggestion of remuneration of the Board of Directors and the principle of payment.

(2) The remuneration paid to general managers and Vice General managers are salaries, bonuses, staff compensation, and retirement pension according to regulations. The salary and bonus portion shall be considered by the Remuneration Committee to take into account annual revenue, profit performance, and the status of manager's performance target. After reviewing the peers performance and salary level, then decisions are made through the Board of Directors; the portion of remuneration to employees is subject to the provisions of the Articles of Incorporation of the Company and takes into account annual revenue, profit performance, and the performance target of the Manager, and the amount is proposed by the Remuneration Committee, and then the Board of Directors should make a corresponding resolution and pay it.

If the Company is appointed as a Legal Representative Director or supervisor of the direct investment company, and the Company will pay the directors, supervisors, and managers of the directors by salary way that received from the direct investment company.

3. Association with the operation performance, and risks in the future:

(1) The revenue and profitability of the Company were maintained, so the relative risk is low.

(2) For the performance assessment of directors and managers, in addition to the reference to

the peers' level of salary payment, considering the operating results and their contribution to the Company, comprehensive consideration of the remuneration, payment method, and the future risks matters of the Company that were highly correlated with the Company's operational responsibilities and overall performance were considered.

3. Corporate Governance in action

(1) Status on Implementation of Board of Directors (1)

The Board convened 6 times (A) in 2019. The attendance of the Directors is specified below:

Occupational Title	Name (Legal persons should disclose the name of the shareholder and its representative)	Actual Number of Attendances B	Attendances by Proxy	Actual Attendance Rate [B/A (number of meetings during the period of employment)]	Remarks (Date of Departure, Formerly or Newly Elected to Office, or Reelected to Office, and Date of Election)
Chairman	Hsu, Kun-Tai	6	0	100%	Re-elected on June 5, 2019
Director	Lu, Chin-Chung	6	0	100%	Re-elected on June 5, 2019
Director	Wei, Chuan-Pin	2	0	100%	Resigned on June 5, 2019, should have attended 2 times
Director	Tsai, Ming-Hsien	4	0	67%	Re-elected on June 5, 2019
Director	Liu, Chia-Sheng	2	0	100%	Elected as the legal representative of Dong Ling Investment Co., Ltd. On June 5, 2019, should have attended 2 times.
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng	4	0	100%	Newly-elected on June 5, 2019, should have attended 4 times
Director	Li, Cih-Jing	4	0	100%	Newly-elected on June 5, 2019, should have attended 4 times
Independent Director	Lee, Yen-Sung	6	0	100%	Re-elected on June 5, 2019
Independent Director	Lin, Ming-Ji	6	0	100%	Re-elected on June 5, 2019
Independent Director	Chu, Jia-Siang	4	0	100%	Newly-elected on June 5, 2019, should have attended 4 times

Additional Information:

I. If any of the following occurs to the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) The particulars exhibited in Article 14-3 of the Securities and Exchange Act:

1. Board Meeting's Date, Session, and Proposal Contents: Please refer to the important resolutions made by the Shareholders' Meeting and Board of Directors by the end of 2019 and up to March 31, 2020 of the Annual Report.
2. All Independent Directors' Opinions: No Independent Directors have expressed opposition or qualified opinions.
3. Company dealing with the Opinions of independent Directors: None.

(II) Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: Nil.

(III) Communication between Independent Directors, Head of Internal Audit, and CPA: Please refer to our website.

II. The recusal of the Directors from motions involving the interest of the names of the Directors concerned, the content of the motions, the reason for recusal for the avoidance of conflict of interest, and the participation in voting:

(I) The 3rd session of the 13th term of board of directors' meeting on September 27, 2019:

1. When discussing the proposal drafted by the 1st Remuneration Committee meeting of the 4th term, on the discussion of the transfer of treasury shares to managers and directors with the status of employees, Director (Mr.) Chin-Chung Lu voluntarily avoided the discussion and resolution as he was an interested party of this case.

(II) The 4th session of the 13th term of board of directors' meeting on November 7, 2019:

1. When discussing the proposal drafted by the 2nd Remuneration Committee meeting of the 4th term, on the discussion of the 2019 salary adjustment for managers, Director (Mr.) Chin-Chung Lu who was present at the meeting voluntarily avoided the discussion and resolution as he was an interested party of this case.

(III) The 5th session of the 13th term of board of directors' meeting on March 10, 2020:

1. When discussing the proposal drafted by the 3rd Remuneration Committee meeting of the 4th term, Director (Mr.) Chin-Chung Lu voluntarily avoided the discussion and resolution as he concurrently served as a manager of the Company and was an interested party of the case.

Ⅲ. Implementation of Performance Evaluation by the Company's Board of Directors: As followed.

IV. The objective of the Board in fortifying its function in the recent and present year (such as the establishment of the Auditing Committee, and enhancement of transparency) and assessment of the attainment:

1. In 2018 and up to March 31, 2019, the content and procedure of the Board of Directors and the self-discipline of the directors implemented in accordance with the procedures of the Board of Directors.
2. The Company has completed the 2019 performance evaluation of the board of directors and functional committees, and submitted the summary results of the performance evaluation to the board of directors on March 10, 2020 to strengthen the functions of the board of directors.
3. The Company has set up an Audit Committee and the Remuneration Committee to assist the board of directors in performing its supervision duties.

The attendance of independent directors of each Board of Directors Meeting in 2019 was specified below:

◎ Actual Attendance, ☆ Attended by Proxy, ＊ Non-attendance

Name \ Date	3/7	5/8	6/5	8/8	9/27	11/7
Lee, Yen-Sung	◎	◎	◎	◎	◎	☆
Lin, Ming-Ji	◎	◎	◎	◎	◎	◎
Chu, Jia-Siang	(None)	(None)	◎	◎	◎	◎

Note: Chu, Jia-Siang was newly-elected on June 5, 2019

Status of the evaluation of the board of directors and functional committees (2):

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
The performance evaluation of the board of directors and functional committees shall be carried out at least once	The evaluation is carried out on the performance of the board of directors and functional committees from January 1, 2019 to December 31, 2019.	The scope covers the performance evaluation of the whole board of directors, individual directors and functional committees.	The evaluation methods include internal self-evaluation of the board of directors, self-evaluation of the members of the board of directors, and internal self-	The performance evaluation items of the board of directors and functional committees cover the following aspects: I. Degree of participation in the operation of the Company. II. Functional Committees' recognition of their responsibilities. III. Improving the decision-making quality of the board of directors (functional committees). IV. Composition, structure and election of

a year.			evaluation of the functional committees.	members of the board of directors (functional committees). V.Election and continuing education of directors. VI.Internal control. The items of directors' performance evaluation cover the following aspects: VII.I. Mastery of the Company's objectives and tasks. VIII.II. Directors' recognition of their responsibilities. IX.III. Degree of participation in the operation of the Company. X.IV. Internal relationship management and communication. XI.V. Professional and continuing education of director. XII.VI. Internal control. The scoring criteria can be modified and adjusted according to the needs of the Company, and the scoring can also be done in a proportion weighted manner according to each measurement aspect.

(2) Status on Operation of Audit Committee or Participation of Supervisors in the Operation of the Board of Directors

1. Status on Operation of Audit Committee

On June 5, 2019, the Company elected three independent directors at the general shareholders' meeting, and set up the Audit Committee to replace the supervisor in accordance with the Securities and Exchange Act.

The Board convened 2 times (A) in 2019. The attendance of the Independent Directors is specified below:

Occupational Title	Name	Actual Attendance (B)	Attended by Proxy	Actual Attendance Rate [B/A (Number of meetings during the period of employment)]	Remarks (Date of Departure, Former or Newly Elected to Office, or Reelected to Office, and Date of Election)
Convener	Lee, Yen-Sung	2	0	100%	Newly-elected on June 5, 2019
Member	Lin, Ming-Ji	2	0	100%	Newly-elected on June 5, 2019
Member	Chu, Jia-Siang	2	0	100%	Newly-elected on June 5, 2019

Additional Information:

I. In case of any of the following circumstances in the operation of the Audit Committee, the date and session of the board of directors' meeting, the contents of the proposal, the resolution results of the Audit Committee and the Company's handling of the Audit Committee's opinions shall be stated.

(I)Items listed in Article 14-5 of the Securities and Exchange Act: See Schedule 1 for details.

(II) Other matters not approved by the Audit Committee but agreed by more than two-thirds of all directors, except those mentioned above: None.

II. For the implementation of the independent directors' avoidance of proposals due to personal interests involved, please state the name of the independent director, the content of the proposal, the reason for the avoidance of personal interest and the voting result: None.

III. The communication between the independent directors and the internal audit director and the independent auditor (including the communication on significant matters, methods and results of the Company's financial and business status).

(I) The head of internal audit of the Company regularly communicates the results of the audit report with the Audit Committee. If there is any special situation, he will also report to the Audit Committee immediately. There was no such special situation in 2019.The Audit Committee of the Company has good communication with the head of internal audit.

(II) The independent auditor of the Company will fully communicate and exchange reviews on the quarterly financial statements or audit results and other related matters before the meeting. If there is any special situation, he will immediately report to the Audit Committee. There was no such special situation in 2019.The Audit Committee of the Company has good communication with the independent auditor.

The Audit Committee of the Company aims to assist the board of directors in fulfilling its supervision of the quality and integrity of the Company's accounting, audit and financial reporting processes and financial control.

The terms of reference of the Audit Committee are as follows:

I. Establishment of or amendment to the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.

II. Assessment of the effectiveness of the internal control system.

III. Establishment of or amendment to the procedures for the handling of material financial business activities, such as acquiring or disposing of assets, engaging in derivatives transactions, loans to others and endorsement guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.

IV. Matters concerning the interests of the directors themselves.

V. Significant asset or derivative transactions.

VI. Major loans, endorsements or guarantees provided.

VII. Offering, issuing or private placement of equity securities.

VIII. Appointment, dismissal and remuneration of independent auditors.

IX. Appointment and dismissal of the head of finance, accounting or internal audit.

X. Annual financial report, business report and proposal on earnings distribution or loss compensation.

XI. Other significant matters prescribed by the Company or the competent authority.

Table 1

Date of Meeting	Details of Agenda	Opinions of all Audit Committee Member	Dealing with the Opinion from the Audit Committee
August 8, 2019 The 1st session of the 1st term Audit Committee	1、Consolidated financial report of the Company for the second quarter of 2019	Approved by all members present	Not applicable since all members present approved
	2、Internal audit business report	Approved by all members present	Not applicable since all members present approved
	3、Proposed cash capital increase of US$9.5 million for Chicony Electronics (Thailand) Ltd. (hereinafter referred to as CET)	Approved by all members present	Not applicable since all members present approved
	4、Loans to subsidiaries	Approved by all members present	Not applicable since all members present approved
	5、The Company's application for credit facilities from financial institutions	Approved by all members present	Not applicable since all members present approved
	6、Amendment to the Company's "Measures for Performance Evaluation of the Board of Directors"	Approved by all members present	Not applicable since all members present approved
	7、The subsidiaries' formulation of "Procedures for Derivative Transaction Dealing", "Procedures for Loans to Others" and "Procedures for Acquisition or Disposal of Assets"	Approved by all members present	Not applicable since all members present approved
November 7, 2019 The 2nd session of the 1st term Audit Committee	1、Consolidated financial report of the Company for the third quarter of 2019	Approved by all members	Not applicable since all
	2、The Company's application for credit facilities from financial institutions	Approved by all members present	Not applicable since all members present approved
	3、The Company's provision of letter of commitment to financial institutions for subsidiaries	Approved by all members present	Not applicable since all members present approved
	4、The Company's endorsement guarantee for subsidiaries	Approved by all members present	Not applicable since all members present approved

2. Status on Participation of Supervisors in the Operation of the Board of Directors

The participation of the Supervisors in the operation of the Board

The Board convened 2 times (A) in 2019. The attendance of the Directors is specified below:

Occupational Title	Name (Legal persons should disclose the name of the shareholder and its representative)	Actual Attendance (B)	Actual Attendance Rate [B/A (Number of meetings during the period of employment)]	Remarks (Date of Departure, Former or Newly Elected to Office, or Reelected to Office, and Date of Election)
Supervisor	Huang, Chin-Hsuan	2	100%	Resigned on June 5, 2019, should have attended 2 times
Supervisor	Huang, Chen-Chih	1	50%	Resigned on June 5, 2019, should have attended 2 times
Supervisor	Dong Ling Investment Co., Ltd. Legal Representative: Chang, Su-Tien	2	100%	Resigned on June 5, 2019, should have attended 2 times

Additional Information:

I. The Organization and Function of the Supervisor:

(I) Communication Between Supervisors and the Company's Employees and Shareholders (for example, communication channels, methods, etc.):

The Administration Department, Financial and Administrative Department, and the Audit Division were responsible for collecting relevant information and submitting it to the supervisor. The supervisor judges independently and communicates directly or indirectly with employees and shareholders if necessary.

(II) Communication Between Supervisors and Internal Audit Director and CPA: (For example, matters, methods, and results for communicating with the Company's financial and business conditions.):

The internal audit supervisor of the Company collects the audit report for financial, business, production, and personnel based on the Company's internal control system, and submits them to the supervisors on a regular basis. If any material abnormalities such as finance and business are found, in addition to written reports. They will also inform the supervisors through oral report; if any supervisors have any need to understand or recommend the Company's financial, business, production, personnel, or internal control system, they will also invite the internal audit supervisor to perform an audit or request improvement from all units again.

When the CPA of the Company audits the implementation of the Company's internal control system, they will also submit the problems that should be improved or suggestions to the supervisors, and notify the supervisors of material abnormalities of the audit of the financial report.

The Board of Directors sent the Business Report, Consolidated Financial Report, the Separate Financial Report, and the Distribution of Earnings Form to each of the supervisors; the Financial Report should be submitted to the supervisors after the Board of Directors has appointed the PwC Taiwan Accounting Firm, and will issue the Audit Report. The supervisors will receive the Audit Report and audit it. After the audit is completed, if it is considered that there is no disagreement, then an Audit Report is issued according to law.

II. If Supervisors participating in Board Meetings have expressed opinions, state the date and session of the Board Meeting, proposal content, resolution of the meeting, and the response of the Company regarding the Supervisor's opinion: None.

(3) The difference Between the Corporate Governance Implementation and the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
I. Has the Company instituted its own corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies" and made disclosure?	✓		The Company has set a Corporate Governance Code of Practice and Audit Committee and refers to the Taiwanese Certificate of Governance Letter of No. 10700240891 amended to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies". The 12th Session of the 17th Board of Directors passed amendments to the Corporate Governance Code of Practice. The current practice is based on the Corporate Governance Code of Practice and is disclosed in the Market Observation Post System and the Company's website (investor relations ➔ corporate governance).	No Difference
Ⅱ. The Equity Structure and Shareholders Equity of the Company	✓			
(I) Has the Company established its internal operation procedure for responding to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the procedure?			(I) In accordance with the "Management Measures for Stock Operations" of the Company, and appointed the CTBC Stock Agency to handle related operations, the Company also has a spokesperson, acting spokespersons, and investor relations department to deal with shareholder suggestions or doubts. We also have a dedicated mailbox on the Company's website (Investor Relations→ Investor Relations Contact→ Contact Us) and dedicated personnel to deal with shareholders' comments.	(1) No Difference
(Ⅱ) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	✓		(II) The majority of the Company's major shareholders are the management team and long-term shareholders. The Company's directors and supervisors, managers, and shareholders holding more than 10% of the shares are required to report their shareholding changes to the Company on a monthly basis. During	(2) No Difference

Items for Evaluation		State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
		Yes	No	Summary Description	
				the two days after the day after the ex-rights (dividends) book close date, the Company's stock agency will be able to obtain the stock transfer books from the Company through the Taiwan Depository and Clearing Corporation, and provide the shareholding information of the major shareholders to the senior management.	
(Ⅲ)	Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	✓		(III) The Company and its affiliated enterprise are independent in production, sales, research and development, personnel, and finance. The relationships with the Company are handled in accordance with the "Regulations on the Operation of Financial Businesses Related to Enterprises" set by the competent authority and the Company; In accordance with the "Endorsement Guarantee Measures" of the Company, the enterprises can only provide endorsement and guarantee for subsidiaries that have invested more than 50% of their shares.	(3) No Difference
(Ⅳ)	Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market for the trading of securities?	✓		(IV) The "Internal Material Information Processing Operations and Regulations Governing the Prohibition of Insider Trading" has been established, and cooperate with the Company to set up an Audit Committee and approve the "Internal Material Information Processing Operations and Regulations Governing the Prohibition of Internal Transactions" by the 12th Session of the 17th Board of Directors. The Company prohibits insiders of the Company from making use of undisclosed information in the market for the trading of securities, and to disclose it on the Company's website (investor relations ➔ corporate governance ➔ important internal rules).	(4) No Difference

Items for Evaluation		State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
		Yes	No	Summary Description	
Ⅲ.	The Organization and Function of the Board				
(I)	Has the Board developed its policies in diversity relevant to the composition of the members and has it properly pursued these policies?	✓		(I) According to Article 20 of "the Corporate Governance Code of Practice", members of the Board of Directors of the Company must have the knowledge, ability, and competency to perform their duties, in addition to the basic conditions of gender, age, nationality, and culture. 1. To set up Board Members, the Company will consider the diversity of Board Members in many aspects. At present, the 13th Board of Directors of the Company has a total of 8 members (including 3 independent directors), and all of them fulfill the third condition of Article 20 of the Corporate Governance Code of Practice as shown in Table 1. 2. According to the list of the 13th board of director: 12.5% of the directors have employee status, 37.5% are independent directors, and 12.5% are female directors.	(1) No Difference
		✓			
		✓			
(Ⅱ)	Has the Company voluntarily established other functional committees further to the establishment of a remuneration committee and auditing committee?	✓		(II) It is expected that the relevant units will be completed in a timely manner in accordance with the actual needs of the Company.	(2) No Difference
(IV)	Has the Company established the rules and regulations and the			(III) On August 8, 2019, the board of directors approved the revision of	

Items for Evaluation		State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
		Yes	No	Summary Description	
	methods for the evaluation of Board performance, has it conducted performance evaluation at regular intervals of each year, and will the results of performance evaluation be reported to the board of directors, and applied as a reference for salary and remuneration of individual directors and nomination for re-election ?			the Company's "Measures for Performance Evaluation of the Board of Directors" and changed its name to "Measures for Performance Evaluation of the Board of Directors and Functional Committees". Performance evaluation is conducted for the entire board of directors, individual directors and functional committees at least once a year. The scoring for the board of directors, individual directors and the Audit and Remuneration Committee 2019 has been conducted according to specific evaluation indicators, and the performance evaluation report has been completed according to the evaluation results; the report will be submitted to the board of directors on March 10, 2020.The evaluation measures and the results of the 2019 evaluation have been disclosed on the Company's website (Investor Relations - →Corporate Governance→ - Board of Directors).Article 7 of the Measures provides that the results of the performance evaluation of the board of directors shall be an important reference for the selection or nomination of directors.	(3) No Difference
(IV)	Has the Company assessed the independence status of the CPAs at regular intervals?			(IV) The Company completed the 2019 annual assessment of the independence of the CPA through the 13th Session of the 5th Board of Directors. 1. PwC Taiwan CPA firm has issued a "Communication Letter with the Governance Body": Engagement Partner and Responsibilities Statement, and Statement of Independence of the CPA. 2. The Company regularly assesses the independence of the CPA through the stock unit and confirms that the CPA does not hold	(4)No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
			any shareholding and any position in the Company and completed the "the Board of Directors is to assess the CPA and the accounting firm of independent checklist".	
IV. Does the listed or OTC company have competent and appropriate number of corporate governance personnel, and have designated the corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors on legal compliance, handling related matters of the board of directors' meeting and shareholders' meeting in accordance with the law, taking minutes of the board of directors' meeting and shareholders' meeting, etc.)?	✓		The 12th Session of the 17th Board of Directors amended articles 3, 1 of the "Corporate Governance Code of Practices" of the Company in accordance with Letter No. 10700240891 of the Taiwanese Certificate of Governance. The amended provisions are as follows: The Company's Financial and Administrative Department is responsible for corporate governance-related matters. Corporate governance-related matters include the following: I. Deal with related affairs according to the regulations of the Board of Directors and the Shareholders Meeting. (A total of 6 meetings for the Board of Directors and 1 Annual General Meeting were held in 2019.) II. Compilation of the minutes of Meetings of the Board and Shareholders Meeting on record. (A total of seven meetings minutes for the Board of Directors and one Shareholders Meeting minutes were completed in 2019.) III. Assisting the directors to engage in their job and continue to learn. (On November 7, 2019, the Company arranged a six-hour course for the directors at the Taiwan Corporate Governance Association. IV. Providing the information required by the directors to perform their business.	No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
			V. Assisting directors to comply with the related laws. Revised the Company's "Measures for Performance Evaluation of the Board of Directors" and changed its name to "Measures for Performance Evaluation of the Board of Directors and Functional Committees"; revised the "Procedures for Loans to Others" and "Organizational Rules of the Audit Committee". VI. Other items are established in accordance with the Articles of Incorporation of the Company or contract. The Company's Financial and Administrative Department has three qualification employees for obtaining CPA licenses from the US and five employees for obtaining CPA accountants licenses from the Republic of China, which meet the qualifications required by corporate governance personnel.	
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	✓		The Company has set up a website in both Chinese and English, and an area dedicated to the corporate social responsibility of Chicony Group, including the company policy and statement, corporate social responsibility commitment and policy, supplier management policy, employee care and stakeholder areas, and the contact method of the Social Responsibility Group of Chicony Group, in order to respond to the concerns of stakeholders on corporate social responsibility issues in a timely manner.	No Difference
VI. Has the Company appointed a professional share registration and investors service agent for handling	✓		The Company's Stock Operation Department is handled by the professional stock agency - the agency department of CTBC bank, and they are responsible for the Company's affairs of Shareholders’	No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
matters pertaining to the Shareholders Meeting?			Meetings.	
VII. Disclosure of Information				
(I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	✓		(I) The Company's Chinese and English websites have been established, and the website is http://www.chicony.com.tw/: And set up an investor relationship zone, which includes: 1. Investor Information: Quarterly Report, Material Information, Stock Price Information, Dividend Distribution Calendar, Dividend Policy 2. Shareholders' Column: Shareholder Service, Notice of Meeting, Proposal Manual, Annual Report of Shareholders' Meeting, every cases Result, Proceedings 3. Financial Information: Financial Statements, Monthly Consolidated Revenue 4. Corporate Governance: Board of Directors, Important Internal Rules 5. Investor Contact Window.	(1) No Difference
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of ae spokesman system, and videotaping institutional investor conferences)?	✓		(II) In addition to the establishment of the Spokesperson and acting spokesperson system, the Company has set up an Investor Relations Department to appoint personnel to be responsible for the collection and disclosure of Company information. It also provides financial and business information of the Company to investors by the Market Observation Post System, institutional investors conference, the Company's website, and newspapers and magazines.	(2) No Difference
(III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the			(III) The Company always announces and reports financial reports before the specified deadline.	(3) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
operation of each month ahead of the required time limit?				
VIII. Is there any other essential information that would help us to understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the Directors and Supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the Directors and Supervisors)?	✓		(I) The Company pays attention to the health of colleagues. In addition to setting up a medical office, it hires professional doctors and nurses to conduct various health consultations, regular blood pressure tracking, and regular staff health, examination, and the brand new "Chicony Smart Green Building" has moved to the district of Sanchong District, New Taipei City in 2016. In addition to providing a better workplace, the Smart Green Building of the group also provides a swimming pool, fitness center, and other facilities to enable employees to have more convenient sports and leisure spaces. It also responds to government policies, promotes work-life balance projects, takes the initiative to pay attention to the work situation of colleagues, sets up a multi-type society, and family day and other activities are held on regular holidays to encourage employees to take part in the activities with their families after work, so as to balance the development of work and life.; set up a nursing room in the work environment, and constructed a child care union mechanism to allow employees to take care of their families while they are working. The Company has established an Employee Welfare Committee to provide holiday bonus, travel, birthday, and labor festivals, etc., and also provides excellent "fertility bonus" that rewards for active employees. The Human Resources Department also organizes training activities covering various professional and management courses. It encourages employees to take on-the-job training, and	No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
			also organize health lectures and environmental safety training for employees to pay attention to physical, mental, and environmental health. In 2019, a total of 152 training events and lectures were held. The Industrial Safety and Health Department obtained ISO 14001/45001/TOSHMS 15506 Certification in 2018. The certification shows the Company's focus on the green environment and occupational safety and health. The Company actively makes an environment that meets the peace of mind and healthy living requirements of employees and promises to give a reasonable and warm space for care, study, and growth to employees, and creates the highest employee centripetal force. (II) The Company senior management has always operated on the principles of perseverance, integrity, and profitability, creating long-term and stable interests for shareholders, and creating multi-wins by working with customers, suppliers, and correspondents. In 2019, the Company was re-selected as a constituent of the "FTSE4Good TIP Taiwan ESG Index" of the TAIEX, representing that outsiders recognize the Company responsibilities for sustainable development. (III) Both the Company and its affiliated enterprises are only allowed to provide endorsement guarantees and fund loans to subsidiaries identified in accordance with the International Financial Reporting Standards. The distinction between responsibility and accountability of personnel, assets, and finances between the Company and affiliated enterprises are clearly defined and a firewall should be properly established. Business dealings with	

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
			affiliated enterprises should be based on the principle of fairness and reasonableness and set written specifications for related finance and business by themselves, and transfer of interests is prohibited and Non-arm's Length Transactions are prevented. (IV) Directors' Further Education: The directors of the Company have participated in the following further study courses: (1) "The Impact of Economic Substance Law and Global Anti-Tax Avoidance on Corporate Governance from the Perspective of Directors and Supervisors" organized by the Taiwan Corporate Governance Association; (2) "Briefing on the Effective Performance of the Director’s Function" organized by the Taiwan Stock Exchange; (3) "Integrating Corporate Governance and Social Responsibility into Corporate Culture" organized by the ROC Economic Development Association. In addition, the Company has dedicated personnel to collect relevant laws and regulations and information, and submit a summary to the directors for reference. (V) The Company has purchased liability insurance for the Directors and Supervisors: Since August 2002, the Company has purchased liability insurance for the protection of the Directors and Supervisors every year.	
IX.The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the issues requiring special effort for improvement and related measures. The objects of the Company’s 2019 board of directors’ performance self-evaluation only include the members of the board of directors, but not the functional committee members.				

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
Improvements: On August 8, 2019, the board of directors passed the resolution to amend the "Measures for the Performance Evaluation of the Board of Directors" and change its name to "Measures for the Performance Evaluation of the Board of Directors and Functional Committees". At least once a year, a performance evaluation is conducted for the overall board of directors, individual directors and functional committees. For the 2019 evaluation of the board of directors, individual directors, the Audit Committee and the Remuneration Committee, scores have been given according to specific evaluation indicators, and the performance evaluation report has been completed according to the evaluation results and submitted to the board of directors on March 10, 2020. The evaluation method and the results of the 2019 evaluation have been disclosed.				

The diversity of the Board of Directors of the Company is as follows:

Core Items of Diversity / Names of Directors	Gender	Operation Judgment Capacity	Accounting and Financial Analysis Capacity	Corporate Management Capacity	Crisis Management Capacity	Industry Knowledge	Understanding of International Market	Leadership and Decision-making
Hsu, Kun-Tai	Male	✓	✓	✓	✓	✓	✓	✓
Lu, Chin-Chung	Male	✓	✓	✓	✓	✓	✓	✓
Tsai, Ming-Hsien	Male	✓	✓	✓	✓	✓	✓	✓
Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng	Male	✓	✓	✓	✓	✓	✓	✓
Li, Cih-Jing	Female	✓	✓	✓	✓	✓	✓	✓
Lee, Yen-Sung	Male	✓	✓	✓	✓	✓	✓	✓
Lin, Ming-Ji	Male	✓	✓	✓	✓	✓	✓	✓
Chu, Jia-Siang	Male	✓	✓	✓	✓	✓	✓	✓

(4) If the Company has Established a Remuneration Committee, Disclose its Organization, Function, and Operation

1. Profiles of the Members of the Remuneration Committee

Identity (Note 1)	Condition / Name	Do they have more than 5 years of work experience and met the professional qualifications specified below?			Conform to the status of independence (Note 2).										The number of public companies where the person also holds positions in their remuneration committees.	Remarks
		A lecturer or at a higher position at a public or private school of higher education in the disciplines of commerce, law, finance, accounting, or other specializations required by the business of the Company.	A professional or technician who has passed the national examination for professionals like court judge, prosecutor, lawyer, certified public accountant, or any other expertise required for the business operation of the Company with the issuance of a certificate of completion.	Work experience in commerce, law, finance, accounting, or others required by the business of the Company.	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lin, Ming-Ji	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-
Independent Director	Lee, Yen-Sung		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	-
Independent Director	Chu, Jia-Siang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: For identity, fill in Director, Supervisor, or others.

Note 2: If the members meet the following conditions in the period of 2 years before the assumption of office or within the term of office, put a "✓" in the appropriate boxes.

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

(2) Not a director or supervisor of the company or any of its affiliates. This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company, which have been appointed in accordance with local laws or laws of the registered country.

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

(4) Not a manager in (1). Or not a spouse, kin at the second tier under the Civil Code, or a lineal blood relative within the third tier under the Civil Code as specified in (2) and (3).

(5) Not a director, supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of a corporate shareholder who is among the top 5 shareholders. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)

(6) Not a director, supervisor or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights. (This restriction does not apply to independent director positions in the company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)

(7) Not a director, supervisor or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (This restriction does not apply to independent director positions in the company, its parent

company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)

(8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company. (Not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the company's outstanding shares, and is an independent director of the Company, its parent company or subsidiary, or subsidiary of the same parent company which have been appointed in accordance with local laws or laws of the registered country.)

(9) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that audited or provides business, legal, financial and accounting services for total compensation not exceeding NT$500,000 in the most recent two years to the Company or its affiliates or a spouse to the persons. This does not apply to members of the Remuneration Committee, Public Tender Offer Reviews Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.

(10) Falling beyond the scope of particulars inscribed in Article 30 of the Company Act.

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2. Responsibilities of the Remuneration Committee

(1) The Committee shall faithfully perform the following authority with the attention of a good manager and submit the recommendations to the Board of Directors for discussion. The Remuneration of Supervisors needs to be approved by the Articles of Incorporation or the resolution of the Shareholders' Meeting, then reported to the Board of Directors:

A. To regularly review the Company "Remuneration Committee Organization Rules" and to propose amendments to it.

B. To establish and regularly review the annual and long-term performance objectives and remuneration policies, systems, standards, and structures of the directors, supervisors, and managers of the Company.

C. To determine the content and amount of their individual salary remuneration by regularly assessing the achievement of the performance targets of the Company directors, supervisors, and managers.

(2) When the committee performs the previous authority, it shall be based on the following principles:

A. Ensure that the Company remuneration meets relevant laws and regulations and is sufficient to attract talent.

B. The performance assessment and remuneration of directors, supervisors, and managers should refer to the peers' level of salary payment, and consider the time spent by the individual, the responsibilities, the achievement of personal targets, the performance of other positions, and the Company's recent compensation for the same position. The remuneration of employees, and the achievement of the Company's short-term and long-term business objectives, the Company's financial status, etc., assesses the relevance of individual performance to the Company's operating performance, and future risks.

C. The ratio of dividends of the short-term performance of directors and senior managers and the payment time of variable remuneration should be determined by considering the characteristics of the industry and the nature of the business.

D. Members of this Committee cannot participate in discussions and voting on their personal remuneration decisions.

(3) The remuneration referred to in the preceding two items, including cash remuneration, stock options, dividend participation, retirement benefits or separation payments, various allowances, and other measures with substantial rewards; the records of remuneration of the directors, supervisors, and managers' remuneration shall be consistent with the Annual Report of the public offering company.

(4) If the remuneration of the company of subsidiary directors and managers base on the company of subsidiary is responsible for decision-making matters, they must be approved by the Board of Directors of the Company, and should be submitted to the Board of Directors for discussion after the Committee has made recommendations.

3. Information on the Operation of the Remuneration Committee

(1) The Remuneration Committee of the Company consists of three members.

(2) Current Term: From June 5, 2019 to June 4, 2022.

(3) The Compensation Committee held two meetings in 2019 (A), the qualifications and attendance of the Committee are shown as follows:

Occupational Title	Name	Actual Number of Attendances (B)	Attendances by Proxy	Actual Attendance Rate (%) [B/A (Number of meetings during the period of employment)]	Remarks (Date of Departure, Former or Newly Elected to Office, or Reelected to Office, and Date of Election)
Convener	Lin, Ming-Ji	2	0	100	Re-elected on June 5, 2019
Committee Member	Lee, Yen-Sung	2	0	100	
Committee Member	Chu, Jia-Siang	2	0	100	

Additional Information:

I. If the Board declines to accept or revise the recommendations of the Remuneration Committee, specify the meeting date, the session, the content of the motion, the resolutions of the Board, and the response of the Company to the opinions of the Remuneration Committee (if the Board resolved a higher level of remuneration than the recommendation of the Remuneration Committee, specify the difference and the reason for the difference):

None

II. If a specific member of the Remuneration Committee has adverse or qualified opinions on the resolutions of the Remuneration Committee on record or in written declaration, specify the meeting date, the session, the content of the motion, the opinions of all members, and the response to the opinions of the members:

None

Schedule 1:

Date of Meeting	Details of Agenda	Opinions of All Remuneration Committee Members	Dealing with the Opinion from the Remuneration Committee
March 7, 2019 The 6th session of the 3rd term	(I) Discussion on the salary and remuneration of newly appointed managers. (II) Discussion on the distribution of the remuneration of employees and directors and supervisors for 2018. (III) Discussion on the bonus payments to managers on Dragon Boat Festival and Mid-Autumn Festival in 2019.	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present
September 27, 2019 The 1st session of the 4th term	(I) Discussion on the transfer of treasury shares to managers.	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present
November 7, 2019 The 2nd session of the 4th term	(I) Discussion on the manager salary adjustment plan in 2019. (II) Discussion on the evaluation of directors', supervisors' and managers' achievement of performance objectives in 2018 and the actual payment of salary and remuneration. (III) Discussion on the 2019 bonus payments to managers. (IV) Discussion on the managers' remuneration in 2019.	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present

(5) Fulfillment of Corporate Social Responsibility. Differences from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons from the differences：

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	✓		I. The Company has set up a dedicated unit to examine the business ethics, employee health and safety, environmental management system and other norms in accordance with the "Corporate Social Responsibility Best Practice Principles for Chicony Group", and established relevant policies and systems to grasp and respond to the risks related to the environment, employee safety, customers, suppliers and other aspects in operation activities through the Company's management system. 1. Environmental protection: For a long time, the Company has been actively promoting energy conservation and carbon reduction, strengthening employees' environmental awareness, and continuously promoting and passing various environmental management certification (such as ISO14001 and ISO14064-1). 2. Social responsibility: The Company attaches great importance to talents and caring for employees, maintains a good labor-employment relationship, actively cooperates with universities to jointly promote industry- university cooperation and the internship plan, assists in the development of students' professional capabilities to enhance their future employment ability, and continuously promotes and passes various occupational safety and health management certification (such as ISO45001, OHSAS18001 and TOSHMS/CNS 15506).	I. No difference

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			3.Corporate governance: The Company abides by various laws and regulations, strictly keeps business secrets and implements internal control system, implements ethical corporate management and code of ethical behavior, and promotes and passes various management systems (such as ISO 27001 Information Security Management Certification, ISO 9001 Quality Management, and C-TPAT Anti-terrorism Certification).	
II. Does the Company establish specific (or part-time) units in charge of promote CSR and have the senior management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	✓		II. The Company has set up a Corporate Social Responsibility Committee chaired by the Chairman, with the President as the vice chairman and the presidents of the subsidiaries as the members. The members are responsible for formulating and reviewing the corporate social responsibility policies, systems and relevant management policies of the Company, and reporting the implementation results of corporate social responsibility and ethical corporate management to the board of directors every year.	II. No difference
III.Environment Issues 1.Dose the Company establish the environmental management policies suitable for the Company's industry characteristics?	✓		1. The Company establishes the applicable environmental management system subject to the industry characteristics. Each of its factories has acquired the ISO 1400 environmental management license and OHSAS 18001 occupational safety and health management license, and practices the ISO environmental management regulations strictly.	1.No difference

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
2.Do se the Company commits itself to upgrade the efficient use of various resources and adopts renewable materials posing low impact to the environment?	✓		2.The Company commits itself to upgrading the efficient use of various resources and adopts the renewable materials posing low impact to the environment, including solar power generation, recycling of production line energy and classification and recycling of waste. The recyclable kitchen waste may be disposed of by professional service suppliers who hold the relevant license, while the other domestic waste may be disposed of by the local government's environmental protection unit. By way of this, the Company expects to increase the efficient use of all resources and gradually reduce the burden the environment suffers.	2.No difference
3.Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?	✓		3. The potential risks of climate change in which the Company encounters are mainly in the environmental and operational aspects, such as the lack of recourses, increase in raw material costs, instability of transportation requirement, and the threat to the safety of employees due to extreme weather. All of these may result in the direct/indirect impact on the business operation of the Company. In response to the impact posed by the emission of greenhouse gas to the global climate change and environment, the Company establishes the greenhouse gas management procedure and sets the greenhouse gas reduction target to keep improving the reduction of greenhouse gas emission and the management, recycling and reuse of the waste. Meanwhile, the Company checks the greenhouse gas emission and performs the verification by a third party each year.	3.No difference

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
4. Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of the waste in the past 2 years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission, and water consumption or other waste management.	✓		4.The headquarters and all plants prepare statistics of greenhouse gas emissions(verified by third party), water consumption and total weight of waste(Please refer to CSR report), formulate policies and objectives for energy conservation and carbon reduction, greenhouse gas reduction and water consumption reduction, and continue to promote environmental management through propaganda, training, continuous promotion of equipment efficiency improvement, energy conservation measures, and audit and improvement tracking to improve environmental management. All staff are required to save energy and carbon, including water, electricity and paper, to avoid unnecessary waste, and the effect of energy saving and carbon reduction is included in the semi-annual performance evaluation index. i.In 2019, the greenhouse gas emission of the headquarters and all plants is 89,859.55 t-co2e, which is 398.299 t-co2e or 0.44% lower than 90,257.846 t-co2e in 2018. In 2020, the greenhouse gas target is 89,814.617 t-co2e, with an estimated reduction of 0.01% compared to 2019. ii.2. In 2019, the water consumption of the headquarters and all plants is 1,373.924 thousand tons, which is 132,032 thousand tons, or 8% less than 1,505.956 thousand tons in 2018.The water consumption in 2020 is estimated to be 1,369.802 thousand tons, with an estimated reduction of 0.3%.	4.No difference

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			iii. In 2019, the total amount of waste of the headquarters and all plants (one more plant in 2019 than in 2018) is 2,101.93 tons, which is 201.71 tons or about 11% more than 1,900.22 tons in 2018. In 2020, the Company will strengthen the classified recycling of waste and develop green products. The total amount of waste is estimated to be 2,099.83 tons, with an estimated reduction of 0.01%.	
IV. Social Issues				
1. Dose the Company formulate appropriate management policy and procedure in accordance with relevant regulations, laws and the International Bill of Human Rights?	✓		1. The Company fully complies with relevant labor laws and regulations and protects labor human rights to ensure that employment, salary, welfare, health, safety, and employees' legal rights and interests are protected, and are not differentiated by gender, ethnicity, religion, etc. In order to manage and continuously improve Company social responsibility, the social responsibility management system has been set in accordance with the requirements of the RBA Corporate Responsibility Alliance.	1. No difference
2. Does the Company establish and implement proper employee benefit measures (including the salary, holidays, and other benefits) and appropriately reflect the corporate business performance or achievements in the employee remuneration?	✓		2. The Company has formulated various employee welfare measures in accordance with the Labor Standards Act and relevant laws and regulations, and provides competitive salaries as well as grants and bonuses to employees to share earnings with them. (Please refer to 5.5)	2. No difference

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
3.Dose the Company provide a safe and healthy working environment, and provide employees with regular safety and health education?	✓		3.The Company pays attention to the health of its employees. The headquarters and all plants have passed the certification of ISO45001, OHSAS18001, and TOSHMS/CNS 15506 occupational safety and health management system. The Company regularly carries out health examinations of its employees and entrusts a qualified testing agency to carry out the verification of the working environment every year. Training on fire safety and firefighting, AED + CPR first aid training and evacuation drills are also held every year, and special training on chemical safety, electrical safety, machinery and equipment safety and fire safety are carried out as well. In September 2019, the employees of the Taipei headquarters participated in the activities and course of the Occupational Safety and Health Hazard Prevention Tour among Enterprises (Group Work Safety Week) which was organized by the Institute of Labor and Occupational Safety and Health, Ministry of Labor. In addition to the annual fire safety and evacuation drills, SCBA, European style fire-fighting clothing and other fire-fighting equipment are purchased for the Group's headquarters building. The Chicony Fire Fighting Response Team is also established and personnel are sent to participate in advanced training every year. A safety officer audit team is also set up in the Group to implement audit/scoring and improvement on a regular basis, and distribute bonus to outstanding units.	3.No Difference
4.Dose the Company set up effective career development and training programs for its employees?	✓		4.In order to improve the Company human quality, the Company has a full-time staff responsible for establishing a talent pool, carrying out manpower inventory planning, and regularly organizing various educational and training activities.	4.No Difference

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
5.Does the Company comply with relevant laws and international standards with regards to the customer's health, safety and privacy, marketing, and labeling in relation to the products and services and establish relevant policies and complaint procedure to protect the right of the customers?	✓		5.The Company fully implements and abides by the laws and regulations on the protection of consumers' rights and interests, and makes customer satisfaction one of the Company's important strategies. In addition to the business contact window, the Company has a CEO direct grievance mailbox management method, and has contact information under Investor Relations and Corporate Social Responsibility of the Company's website for questions, suggestions and complaints. The Company properly handles and gives feedback in good faith in order to protect the rights and interests of customers.	5.No difference
6.Does the Company establish the supplier management policy to require the supplier to comply with relevant regulations on issues of environmental protection, occupational safety and health or labor rights and provide its status of implementation?	✓		6.The Company conducts supplier management in accordance with the RBA code of conduct. Suppliers shall fill in the self-assessment form based on the five major evaluation items of the RBA criteria, in order to enable the Company to understand the suppliers' current self-assessed status, and further audit the suppliers' performance of social responsibility according to the RBA criteria, so as to achieve the management, supervision and guidance of suppliers through the requirements of consistent criteria.	6.No difference

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
V. Does the Company refer to the international criteria or instructions on the preparation of reports to prepare reports disclosing the non-financial information of the Company, such as the corporate social responsibility report? Does the report mentioned above have been assured, verified, or certified by a third party?	✓		V.Each year, the Company prepares the Chicony Electronics Corporate Social Responsibility Report with reference to the GRI international reporting specifications and guidelines, and discloses the specific implementation results of the Company's corporate social responsibility on MOPS and the Company's website. The aforementioned 2019 report will be certified by a third party as required and is disclosed in this report.	V.No difference

VI.If the Company has instituted the corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for the TWSE/TPEx-listed Companies", specify the implementation of these principles and the variation with the Corporate Social Responsibility Best Practice Principles for the TWSE/TPEx-listed Companies:

No Difference

The Company established a code of conduct for corporate social responsibilities within the Company based on the "Corporate Social Responsibility Best Practice Principles for TWSE-Listed Companies" and the "Electronics Industry Citizenship Coalition Code of Conduct", and announced that the Company should comply with it; the Company is still following the RBA Code of Conduct 6.0 and simultaneously updating the Company internal corporate social responsibilities code of conduct.

In order to promote corporate governance, develop a sustainable environment, and maintain social welfare, the supervisors and colleagues of all units actively follow this code. To disclose information on various corporate social responsibilities, the Company is also planning to disclose it in the biennial report of Corporate Social Responsibilities, and publish relevant documents on the Company website.

As mentioned above, the operation and achievements of the Company corporate social responsibilities are in line with the spirit and requirements of the Code of Conduct.

Assessment Items	State of Implementation			Difference from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
VII.Other Important Information That Helps us to Understand the Operation of Corporate Social Responsibilities (such as the Company adopted systems, measures, and performance in environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social activities): Important information about the operation of CSR (including the co-prosperity and communication of interested parties, the use of the "Conflict Minerals" policy for supplier management policies, etc.) will be disclosed on the Company website (website: http://www.chicony.com.tw/) under the corporate social responsibilities or refer to the Company Corporate Social Responsibilities Report.				

(6) The company's performance of ethical corporate management and the difference from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for the difference:

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
I. Enactment of ethical management policy and program 1. Whether the Company formulates the ethical management policy approved by the board of directors The Company has the ethical business policy expressed explicitly in the Company's regulations and external documents, as well as the active implementation committed by the board of directors and management.	✓		1、The "Integrity Operation Principles" has been established in 2014 and the Audit Committee has been set up by the Company. On March 7, 2018, the 12th Session of the 17th Board of Directors passed the amendment of the "Integrity Operation Principles" and reported to the Shareholders' Meeting. The current operations are implemented in accordance with the spirit of "integrity of management procedures and behavior guidelines". In order to implement the integrity management policy in all operations and systems of the Company, the Board of Directors and management of the Company manage the Company in faith and conduct business activities in a fair and transparent manner. In 2019, the Company was re-selected as a constituent of the "FTSE4Good TIP Taiwan ESG Index" of the TAIEX, representing that outsiders recognize the Company responsibilities for sustainable development.	1.No Difference

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
2.Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article7 Paragraph 2 of the “Ethical Corporate Management Bes t Practice Principles for TWSE/GTSM Listed Companies”?	✓		2、In accordance with the business philosophy and policies of the Company's "Ethical Corporate Management Best Practice Principles", the Company has formulated its "Operation Procedures and Behavior Guidelines for Ethical Corporate Management". In Articles 6 to 15 of the Behavior Guidelines, the Company has prescribed the preventive measures and operations for the conducts under paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", and designated the Administrative Department as the responsible unit to handle the revision, supervision and implementation of the operation procedures and behavior guidelines	2.No Difference

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
3.Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?"?	✓		3、In 2014, the Company formulated its "Operation Procedures and Behavior Guidelines for Ethical Corporate Management" and stipulated the operation procedures and behavior guidelines for the prevention of unethical conducts, and designated the Administrative Department as the responsible unit, which reviewed and revised the "Operation Procedures and Behavior Guidelines for Ethical Corporate Management" in March 2019.	3.No Difference
II. Implementation of ethical business				
1.Evaluation of individuals that have a record of unethical behavior and regulation of the ethical code of conduct in the business contract.	✓		1、In addition to complying with the Company "Integrity of Operating Procedures and Behavior Guidelines", in order to prevent the risk of possible bribery, the Company has signed a "Completion of Integrity Letter of Commitment" with the manufacturer. When signing a commercial contract with others, in addition to fully understanding each other's integrity management, the contract will be performed in good faith management spirit; if necessary, before the signing of the contract, the integrity management spirit will be included in the contract depending on the type of contract.	1.No Difference

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
2.Does the Company establish a specific unit subject to Board of Directors to promote corporate ethical business and regularly (at least once a year) report the ethical management policy, prevention program of unethical conduct and implementation status of supervision to Board of Directors?.	✓		2、The designated Administrative Department of the Company is a dedicated unit responsible for the revision, implementation, interpretation, consulting services, and notification of content registration and other related operations and supervision of the "Integrity of Operation Procedures and Behavior Guidelines", and reports to the Board of Directors on a regular basis every year. On August 8, 2019, the summary of the implementation is as follows: i. In June 2019, the Corporate Social Responsibilities Report (2018) of Chicony Electronics was issued and published on the Company website and Market Observation Post System. ii. In August 2019, the Corporate Social Responsibilities Report (2017~2018) of Chicony Group was issued in Chinese and English. iii. The Company is working on the Chicony Electronics Corporate Social Responsibility Report (2019) in accordance with the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and expects it to be issued by the end of June 2020. iv. The implementation of public welfare activities is as follows: 1、Education promotion: Donations to National Taipei University of Technology (R&D New Talent Scholarship), Aaeon Foundation (Chicony Building's Art Corridor), Grassroots Influence Culture and Education Foundation, Paper Windmill Culture and Education Foundation, Creativity Lecture of National Chengchi University and Chinese Management Development Foundation.	2. No Difference

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
			2、 Care for the vulnerable group: Donations to Shuanglian Hospice Center (living allowance for the mentally challenged and the economically disadvantaged), Bereaved Children Foundation, Loyalty Foundation, Academic Foundation for Prevention and Treatment of Liver Disease, National Health Foundation, and Charity Social Welfare Foundation. 3、Local giveback: Hualien disaster relief and donation to Hsianse Temple. 4、Environmental protection: In response to global climate change and water resources protection, the Company sets up annual energy conservation, carbon reduction goals, and discloses the data of CDP (greenhouse gas emissions) and water resources every year to protect the environment.	
3.Has the Company made policies for the prevention of the conflict of interest, and provided the channels for expressions, and has it properly implemented this system?	✓		3、The Company has formulated the “Code of Ethical Conduct”, and has stipulated in the “Rules of Procedure of the Board of Directors’ Meeting” and the ”Operation Procedures and Behavior Guidelines for Ethical Corporate Management" that the directors shall exercise a high degree of self-discipline; if a director or the legal person he represents has a personal interest in a proposal discussed in the board of directors’ meeting, he shall explain the important content of his personal interest in the current board of directors’ meeting. If the said interest is harmful to the interests of the Company, the director shall not join in the discussion and voting, and shall withdraw from the discussion and voting sessions; neither shall he exercise voting rights on behalf of other directors.	3. No Difference

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
4.Does the Company establish effective accounting system and internal control system to implement ethical business and draft relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Does the compliance of prevention program for the unethical conduct audited accordingly by the audit office or committed accountants?	✓		4、 The Company has incorporated into the relevant internal control systems the plan for prevention of unethical conducts. The Internal Audit prepares the annual audit plan based on the risk assessment results, and carries out the audit of various internal control systems. If unethical conducts are found, an audit report will be made and submitted to the board of directors.	4. No Difference
5. Periodic education and training of ethical business	✓		5、 On the day of new employee registration, the Company will hold a training session for new employees, which includes the Company's ethical corporate management concept. In 2019, the Company also held a lecture "Move Better, Live Longer - Health is the Way to Enjoy Life" to prompt the staff to pay attention to health while working, a lecture on "Flipping the Second Page of Life" to let the staff know how to plan their life after retirement from now on, as well as a lecture on "English Self Study" to let the staff know how to improve their ability in daily life. On the aspect of environmental safety and health, on the day of new employee registration, the Company will let them know the Chicony Building's escape routes and how to operate fire extinguishers. For current employees, the Company provides them with the "Environmental Safety Workshop", "Fire Fighting Training"	5.No Difference

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
Ⅲ. The operation of reporting system 1. Specific reporting and reward systems, reporter friendly channels and representative assigned to deal with the reporting issues 2. Dose the company establish standard procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after complaint investigation?	✓		and "CPR and AED First Aid Training", and holds a fire drill for the building once a year, so that all the staff of the Company and its subsidiaries as well as the tenants can understand the response mode in case of disaster. For common problems encountered in the workplace, the Company has held workshops on time management, work guidance skills, subordinate guidance and motivation, etc. In addition, legal compliance courses are provided to professional personnel in response to the implementation of new laws and regulations. III. The Company has separately set 1. The Company set a direct complaint mailbox of the CEO. 2. “Employee Hotline Management Method” - Establish and improve Company communication with employees through cross-department organizational function and timely handle and feedback of employees' problems and suggestions. 3. “Internal and External Communication Procedures” - The Company set internal and external labor and ethics information of the division of duties and operational procedures of propaganda. 4. “Procedures for Management of Suggestion Boxes” - Establish an operating procedure for on-the-job employees for improvement of proposals, problem reflection, and employee complaints. 5. “Procedures of Employees Grievance Management” - Establishing relevant operating procedures for employees who are unfairly treated by the Company, legal rights violations or disclosure of employee privacy, and other acts that harm the Company.	Ⅲ. No Difference

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
3.Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.			The above will clearly maintain the identity and content of the report; if it finds or receives an act of dishonesty of the Company's personnel, it will immediately find out the relevant facts, and if the violating personnel can provide related evidence that it has not violated the regulations, a complaint can immediately be made with the Administrative Department. If it is confirmed that there is a violation of relevant laws or the Company's integrity management policies and regulations, the actor will be immediately required to stop the relevant behavior, and appropriate disposal and punishment and damages will be requested through legal proceedings to maintain the Company's reputation and interests if necessary.	
IV.Enhancing Information Disclosure of ethical business principals and implementation results on its website or TWSE "MOPS"	✓		IV.The Company has set up a website. The link is http://www.chicony.com.tw. In the investor relationship section, we disclose information about corporate governance and integrity management.	IV.No Difference
V.If the Company Develops its Own Integrity Operation Rules According to the "Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies", Please State the Differences: The "Integrity Operation Principles" has been established and the Audit Committee has been set up by the Company. On March 7, 2019, the 12th Session of the 17th Board of Directors passed the amendment of the "Integrity Operation Principles" and reported to the Shareholders' Meeting. Based on the Company "Integrity Operation Principles" business philosophy and policies set out in the "Integrity Operation Procedures and Behavior Guidelines", and cooperating with the Company to set up the Audit Committee and refer to the "○○ Co., Ltd. Integrity Operation Procedures and Behavior Guidelines". Amend the Company's "Integrity Operation Procedures and Conduct Guidelines" and report to the Shareholders' Meeting, and check the implementation effectiveness and continuous improvement at any time to ensure the implementation of the integrity management policy.				

Assessment Items	State of Implementation			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
VI. Other information material to the understanding of ethical business operation (e.g., the discussion and amendment to the ethical business best practice principles defined by the Company): In 2019, the Company was re-selected as a constituent of the "FTSE4Good TIP Taiwan ESG Index" of the TAIEX, representing that outsiders recognize the Company responsibilities for sustainable development.				

(7) Established Corporate Governance Rules and Related Regulations and How to find the corporate governance rules, related rules and regulations.

In order to ensure the consistency and correctness of the Company's published information and strengthen the management of the prevention of internal transactions, and to establish a good internal information processing and disclosure mechanisms of the Company to prevent information leakage, the Company established the "Internal Material Information Processing Operations and Prevention of Internal Transactions Management Procedures". For details, please refer to the important internal rules of the Company's website http://www.chicony.com.tw/corporate governance.

(8) Other important information to increase understanding of corporate governance operations:

The Company website has "CSR Corporate Social Responsibilities" and "Investor Relations" (including corporate governance, financial information, and stock affairs information) and other areas for inquiries.

(9) Status of Implementation of Internal control system (including statement of internal control and audit report of CPA)

1. Statement of Internal Control System:

Chicony Electronics CO., Ltd.

Declaration of Internal Control System

Date: 3/10/2020

The Company internal control system for 2019 is based on the results of its own assessment and is stated as follows:

I. The Company's Board of Directors and management team understand their responsibilities of developing, implementing, and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: (a) The effectiveness and efficiency of business operation (including earnings, operation performance, and the safeguard of Company assets); (b) Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.

II. Due to the innate limitation in designing a faultless internal control system, this system can only assure that the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of the internal control system can be altered over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capabilities, the Company will make immediate corrections when errors are detected.

III. The evaluation of the effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (hereafter referred to as "the Guidelines"). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.

IV. The Company has examined the effectiveness of each respective factor in the internal control system based on the Guidelines.

V. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2019 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance of the relevant laws/regulations and Company policies.

VI. This Statement is a significant part of the Company's Annual Report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171, and Article 174

set forth in Taiwan's Security and Exchange Act.

VII. The Company hereby declares that this statement had been approved by the Board of Directors on March 10, 2020. Among the 8 attending Directors, no one raised any objection to the contents of this statement.

Chicony Electronics CO., Ltd.

Chairman: Hsu, Kun-Tai

General Manager: Lu, Chin-Tsung

2. Authorized Accountant to Audit the Company's Internal Control System and Disclose the Audit Report Made by Accountants: None

(10) The Punishment Inflicted on the Company or Its Internal Personnel, or Any Disciplinary Penalty by The Company Against Its Internal Personnel For Violation of The Internal Control System, Where The Result of Such Penalty Could Have a Material Effect on Shareholder Equity or Securities Prices, The Main Shortcomings, and Condition of Improvement:
From 2019 to March 31, 2020, there is no punishment inflicted on the Company's employees, nor is the disciplinary action taken by the Company against its employees for violating internal regulations.

(11) Important Resolutions Made by the Shareholders' Meeting and Board Meeting:

1. Shareholder's Meeting on June 5, 2019:

NO	Important resolutions	Implementation Status
1.	Proposals for acknowledgement of 2018 Business Report and Consolidated Financial Statements and Individual Financial Statements	Recognize the business report, consolidated financial report and individual financial report of 2018.
2.	Acknowledgement of the 2018 Earnings Distribution	The cash dividend per share is approved to be NT$3.8.July 1, 2019 is set as the ex-dividend date, and dividends will be issued on July 19, 2019.
3.	Proposal for amendment to the Company's Articles of Incorporation	The registration was approved by the competent authority on June 14, 2019, and the matter will be handled in accordance with the amended Articles of Association.
4.	Proposal for amendment to the "Rules for Procedure for Shareholders Meetings"	To be handled in accordance with the amendment.
5.	Proposal for amendment to the "Regulations Governing Election of Directors and Supervisors"	To be handled in accordance with the amendment.
6.	Proposal for amendment to the "Procedures for the Acquisition or Disposal of Assets	To be handled in accordance with the amendment.
7.	Proposal for amendment to the "Procedures for Engaging in Derivatives Transactions"	To be handled in accordance with the amendment.
8.	Proposal for amendment to the "Procedures for Loaning of Funds"	To be handled in accordance with the amendment.
9.	Proposal for amendment to the "Regulations Governing Endorsement and Guarantees	To be handled in accordance with the amendment.
10.	Re-election of the 13th term of Directors	The registration was approved by the competent authority on June 14, 2019.
11.	Proposal for Release the Prohibition on New Directors from Participation in Competitive Business	The restriction is lifted according to the resolution.

2. From 2019 to March 31, 2020, important resolutions of the Board Meeting:

Date	Important Resolutions
March 7, 2019 17th meeting of the 12th Board of Directors	I. Report on the Company's Board of Directors performance evaluation in 2018. II. 2019 Shareholder's Meeting to be held at 9am on June 5, 2019 at the Company is approved. III. The Company's 2018 business report and consolidated and individual financial statements are approved. IV. The nomination period, number of candidates to be elected and the place of accepting nominations for the 13th term of the board of directors (including independent directors). V. The list of eight directors (including three independent directors) nominated by the board of directors for the 13th term of the board of directors is adopted. VI. The proposal to the board of shareholders to lift the non-competition restriction of new directors is approved. VII. As passed in the sixth session of the Remuneration Committee meeting of the third term, provisions of the employees' remuneration of NT$503,034,142 and the directors' and supervisors' remuneration of NT$31,252,334 are to be made. Except that cash is to be paid for the directors' and supervisors' remuneration, NT$223,034,146 is proposed to be paid for the employees' remuneration and new shares at a worth of NT$279,999,996 is proposed to be issued; calculated at the closing price of NT$68 per share on the day before the resolution of the board of directors to issue new shares, a total of 4,117,647 new shares will be issued. VIII. Earnings Distribution Plan of 2018: The Financial Statements of the Company in 2018 audited by CPA. The net profit after taxes is NT$3,590,710,608 which appropriated the Legal Reserve and Special Reserve of NT$359,071,061 and NT$1,244,100,897 according to Company Law or related regulations and plus the adjusted undistributed earnings of NT$4,864,819,916. The total available for distribution is NT$6,852,358,566. It is proposed to distribute cash dividends of NT$2,766,857,979 which is allocated at NT$3.8 per share, and cash dividends are rounded up; fractional dollars are to be included in other revenue. IX. Regular review to assess the independence of the CPA. X. Amendments are made to the Company's "Company's Articles of Incorporation", "Rules for Procedure for Board Meetings", "Rules for Procedure for Shareholders Meetings", "Regulations Governing Election of Directors and Supervisors", "Procedures for the Acquisition or Disposal of Assets", "Procedures for Engaging in Derivatives Transactions", "Procedures for Loaning of Funds", "Regulations Governing Endorsement and Guarantees", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Codes of Ethical Conduct", "Procedures for Application for Suspension and Resumption of Trading", "Management Procedures for Processing of Material Internal Information and Prevention of Insider Trading", and "Operational Rules for Financial Business between Related Enterprises". XI. The Company's "Standard Operating Procedures for Processing Directors' Requirements" is formulated. XII. To recognize the Company's 2018 annual payment to the directors, the associate manager level and above, and the accounting director remuneration cases. XIII. Review and approve the 2018 Internal Control System Statement.

Date	Important Resolutions
	XIV. Amendments are made to the Company's "Ethical Corporate Management Best Practice Principles", "Procedures for Application for Suspension and Resumption of Trading", "Management Procedures for Processing of Material Internal Information and Prevention of Insider Trading", and "Operational Rules for Financial Business between Related Enterprises". XV. The Company's "Standard Operating Procedures for Processing Directors' Requirements" is formulated.
May 8, 2019 18th meeting of the 12th Board of Directors	I. Submission of the Company's consolidated financial statements Q1 of 2019 II. The authorization to the Chairman is approved to invest in the fixed income tax-free bonds of PRP CE1 BC1, Inc. of Chenco Group through Chicony Global Inc. within the US$17 million limit. III. Adopted the application for a new credit line from DBS Bank, and the provision of a letter of commitment to DBS Bank for the subsidiary Chicony Global Inc. IV. Adopted the subsidiary's formulation of or amendment to its "Procedures for Derivative Transaction Processing", "Procedures for Loans to Others", "Procedures for Acquisition or Disposal of Assets" and "Measures for the Implementation of Endorsements and Guarantees". V. Hikari investment GK, a Japanese second-tier subsidiary of the Company, has completed the sale of the beneficial right of investment property. The Company has no investment and operation plan in Japan at the moment, and will handle the dissolution and liquidation through Hikari. VI. Adopted the sale of the Company's collective residential building in Wuguwang Section, Sanchung District, at a price no lower than the amount in the appraisal report of a professional appraiser, to the Company's or its affiliated enterprises' employees or their spouses or children, and the Chairman is fully authorized to deal with the ownership registration, pricing, sale and subsequent matters of the collective housing building. VII. Adopted the lifting of the non-competition restriction on the Company's managers.
June 5, 2019 1st meeting of the 13th Board of Directors	(I) Mr. Kun-Tai Hsu is elected as the Chairman in the 13th term of board of directors. (II) Three independent directors, Mr. Yen-Sung Lee, Mr. Ming-Ji Lin and Mr. Jia-Siang Chu, were appointed as audit members to establish the 1st-term Audit Committee in accordance with the law. (III) Three independent directors, Mr. Yen-Sung Lee, Mr. Ming-Ji Lin and Mr. Jia-Siang Chu, were appointed as members of the 4th-term Remuneration Committee, and all the committee members mutually recommended Mr. Ming-Ji Lin as the meeting convener of the 4th-term Remuneration Committee.

Date	Important Resolutions
August 8, 2019 2nd meeting of the 13th Board of Directors	I. The Company's Consolidated Financial Report for the first half of the year 2018. II. The Company has purchased US$20,000 thousand liability insurance for the duration of one year for the Directors and important employees starting from July 31, 2019 to July 31, 2020. III. Implementation of the report of corporate social responsibility and integrity operating work. IV. Adopted the case of US$9.5 million cash capital increase of the Company for the Thailand subsidiary Chicony Electronics (Thailand) Ltd. V. Adopted the loan cases of NT$1.6 billion to Unikey Electronics Co., Ltd., NT$650 million to Guangsheng investment Co., Ltd., NT$200 million to Chunjing Investment Co., Ltd., and US$20 million to the Thailand subsidiary (CET). VI. Adopted the credit line application with United Overseas Bank of Singapore. VII. Ratified the Company's disposal of the private placement securities of Fuhua Dongda Securities Investment Trust Fund, with a disposal benefit of about NT$103 million. VIII. Ratified the Company's acquisition of the securities of Chicony Power for about NT$300 million. IX. Adopted the revision of the Company's "Measures for Performance Evaluation of the Board of Directors" and its name change to "Measures for Performance Evaluation of the Board of Directors and Functional Committees". X. Adopted the formulation of the "Procedures for Derivative Transaction Processing", "Procedures for Loans to Others" and "Procedures for Acquisition or Disposal of Assets" by the newly established subsidiary Chicony Overseas Hong Kong Limited, and the revision of the "Procedures for Loans to Others" by the subsidiaries Chicony Global Inc., Chicony (Suzhou) Co., Ltd. and Chicony (Chongqing) Co., Ltd.
September 27, 2019 3rd meeting of the 13th Board of Directors	I. 2,786,000 shares of and 3,591,000 shares of the Company were repurchased respectively through the Company's 10th and 11th treasury share repurchase, and the total of 6,377,000 shares were transferred to the employees of the Company in accordance with the provisions of the "Measures for the Transfer of Shares from the Company's 10th and 11th Treasury Shares Repurchase to the Employees". II. Adopted the project budget of the Thailand plant of the Company, and the chairman is authorized to handle the contract awarding, payment terms, contract contents and document signing of various related projects within the limit of no more than NT$790 million for the design, supervision, fees and charges and construction budget.

Date	Important Resolutions
November 7, 2019 4th meeting of the 13th Board of Directors	I. The Company's consolidated financial report for the third quarter of 2019. II. Adopted the endorsement of US$6 million to the subsidiary CEZ. III. Reviewed and adopted the proposal of the Company's 2nd-session, 4th-term Remuneration Committee meeting on the salary adjustment plan for managers, the evaluation of the 2018 achievement of performance objectives of directors, supervisors and managers against the actual payment of salary and remuneration, and the proposal on the payment of 2019 bonus and employee remuneration to managers. IV. Adopted the phased expansion of sales objects of the Company's collective residential building to employees or their spouses and children of other affiliated enterprises (including Clevo Group, Hongwell Group, Chicony Department Store Group, etc.); if there are still unsold units, they will be opened to the general public for purchase. The sales price of the extended sales object shall not be lower than the price in the appraisal report issued by the professional appraisal company.
March 10, 2020 5th meeting of the 13th Board of Directors	I. 2019 performance evaluation report of the board of directors and functional committees. II. Planning report for the Company's improvement in its ability to prepare its own financial report. III. Internal audit business report: 49 audit items listed in the 2019 audit plan were completed, and no significant abnormal design or implementation of the internal control system was found. IV. Adopted the proposal to hold the general shareholders' meeting of the Company for 2020 at 9:00 a.m. on June 10, 2020. V. Adopted the Company's 2019 business report, consolidated financial report and individual financial report. VI. Adopted the proposal of the 3rd-sesion, 4th-term Remuneration Committee meeting to make a provision of NT$838,112,364 for employees' remuneration and NT$52,069,960 for directors' remuneration. Cash will be paid for directors' remuneration, and it is proposed to pay NT$438,112,377 in cash and issue new shares of NT$399,999, 987 for employees' remuneration; calculated by the closing price of NT$80.6 per share on the day before the resolution of the board of directors to issue new shares, a total of 4,962,779 new shares will be issued. VII. 2019 earnings distribution: According to the Company's 2019 financial statements audited and certified by the independent auditor, there is a net profit of NT$5,838,816,879 after tax. According to the law, the Company shall first provide a legal reserve of NT$583,881,688 and a special reserve of NT$185,423,601; plus the adjusted undistributed earnings of NT$3,531,840,847, the total amount available for distribution is NT$ 8,601,352,437. It is planned to distribute cash dividends of NT$4,362,815,770, at NT$5.9 per share. The unit of cash dividend payment is NT$1 (rounded off below NT$ 1), and the total of the amounts after the decimal point will be included in the Company's other income. VIII. Amendment to the Company's "Procedures for Loans to Others" and "Organizational Procedures of the Audit Committee". IX. Adopted the proposal of regular assessment of the independence of the independent auditor. X. Ratified the Company's 2019 remuneration to directors, managers above the senior manager level and the directors of finance and accounting. XI. Adopted the proposal that Mr. Yuan-Hong Chao, the current deputy director of the Audit Office be promoted to replace Mr. Tzu-Jun Wang, the former audit director of the Company who applied for retirement. XII. Reviewed and adopted the 2019 internal control system statement.

(12) The Main Contents of Important Resolutions Passed by the Board of Directors Regarding in which Directors or Supervisors have

Voiced Differing Opinions on the Record or in Writing in 2019 to March 31, 2020: None.

(13) Summary of Resignation or Dismissal of Personnel (including the Chairman of Board, President, Financial Manager, Accounting Manager, Internal Audit Manager and R&D Manager, etc.,):

Title	Name	Date of Appointment	Date Discharged	Reasons for Resignation or Discharge
Audit Director	Mr. Tzu-Jun Wang	May 1, 2003	March 31, 2020	Retirement

(14) Certification of employees whose jobs are related to the company's financial information:

The Company's Financial and Administrative Department has three qualification employees for obtaining CPA licenses from the US, five employees obtaining CPA accountants licenses from the Republic of China, and one employee obtaining the Chinese Certified Tax Agent (CTA) license.

4. Auditing fees for the CPAs:

(I) Auditing fees for the CPAs:

Auditing fees for the CPAs

Unit: NTD1,000

Name of CPA Firm (List and explain the reasons separately when replacing)	Name of CPA	Auditing Fee	Non-auditing Fee (note)					Examination Period of the CPA	Remarks Field (specify the content of the service)
			System Design	Industrial and Commercial Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Chen, Chin-Chang	7,000	0	150	0	6,524	6,674	1.1.2019 - 12.31.2019	Non-audit Fee Refer to Note
	Weng, Shih-Jung								

1. Where the non-audit fees paid to the certified public accountant, the firm to which the certified public accountant belongs and its affiliated enterprises account for more than a quarter of the audit fees, the amount of audit and non-audit fees (as shown in the table above) and the content of non-audit services shall be disclosed as followed:

   Business registration NT$150 thousand, Transfer pricing report, special review and country reports NT$4,100 thousand, Audit of direct deduction method for business tax of concurrent business operators NT$200 thousand, and R&D investment deduction counseling NT$2,224 thousand.

2. Altering of the CPA firm and the audit fee in the altering year is less than that in the previous year: None.
3. The audit fee is reduced by over 15% compared with the previous year: None.

5. Replacement of the CPA: (Alteration of the CPA of the financial report in the recent two years and up to the date of printing of this Annual Report)

(I) About the Preceding CPA

	2018	2019	From January 1, 2020 to the Date of Printing of this Annual Report
Date of the Change	3/9/2018	Nil	Nil
Explain the Reason for the Change	Internal adjustment of the PwC Taiwan CPA firm. Since the first quarter of 2018, the company has replaced Chun Yao Lin CPA and Shih Jung Weng CPA with Shih Jung Weng CPA and Chin Chang Chen CPA.	Nil	Nil
Explain That the Appointor or CPA Terminates or Does not Accept the Appointment	Contracting Parties / Condition: CPA; Appointor	Contracting Parties / Condition: CPA; Appointor	Contracting Parties / Condition: CPA; Appointor
	Proactive Termination of Appointment: Not Applicable; Not Applicable	Proactive Termination of Appointment: Not Applicable; Not Applicable	Proactive Termination of Appointment: Not Applicable; Not Applicable
	Accept no Longer (Continued) Appointment: Not Applicable; Not Applicable	Accept no Longer (Continued) Appointment: Not Applicable; Not Applicable	Accept no Longer (Continued) Appointment: Not Applicable; Not Applicable
Suggestions and reasons for issuing audit reports other than unqualified opinions in the recent two years.	Nil	Nil	Nil
Have Different Opinions With Issuers	Yes / Nil: Accounting Principles or Practices; Financial Report Disclosure; Audit Scope or Steps; Other	Yes: Accounting Principles or Practices; Financial Report Disclosure; Audit Scope or Steps; Other	Yes: Accounting Principles or Practices; Financial Report Disclosure; Audit Scope or Steps; Other
	Nil: V	Nil: V	Nil: V
	Explanation: Not Applicable	Explanation: Not Applicable	Explanation: Not Applicable
Other Disclosures (Articles 10, 6, (1, 4), to (1,7) shall be disclosed)	Nil	Nil	Nil

(II) About the Succeeding CPA

	2018	2019	From January 1, 2020 to the Date of Printing of this Annual Report
Name of CPA Office	PwC Taiwan	Not Applicable	Not Applicable
Name of CPA	Shih Jung Weng, Chin Chang Chen	Not Applicable	Not Applicable
Appointed Date	3/9/2018	Not Applicable	Not Applicable
Prior to appointment, accounting treatments or accounting principles for specific transactions, and possible advisory issues and results for financial reports.	Nil	Not Applicable	Not Applicable
The written opinion of the different opinions between the succeeding CPA and the preceding CPA.	Nil	Not Applicable	Not Applicable

(III) Reply of the preceding CPA to the provisions of Article 10, Paragraph 6, Item 1 and Items 2 .3: None

6. The Company's Chairman, general manager, 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 CPA or at an affiliated enterprise: None

7. The transfer of equity shares or change in the pledge of shares under lien by the Directors, Supervisors, Managers, and shareholders holding more than 10% of the shares:

(I) The difference of shareholding changes between directors, supervisors, managers, and major shareholders holding more than 10% of shares:

Occupational Title	Name	2019		From January 1 to April 12, 2020	
		Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity	Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity
Chairman	Hsu, Kun-Tai	(20,000,000)	-	-	-
Director and General Manager	Lu, Chin-Chung (Note 1)	106,659	-	646,671	-
Director	Li, Cih-Jing (Note 2)	-	-	-	-
Director	Tsai, Ming-Hsien	-	-	-	-
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng	-	-	-	-
Independent Director	Lee, Yen-Sung	-	-	-	-
Independent Director	Lin, Ming-Ji	-	-	-	-
Independent Director	Chu, Jia-Siang(Note 2)	-	-	-	-
General Manager of Chicony America Corporation	Chang, Yao-Ching (Note 1)	(41,000)	-	(15,281)	-
Special Assistant	Chen, Shao-Lung (Note 1)	(60,901)	-	30,477	-
General Manager of the IPD Business Unit	Huang, Chien-Yu (Note 1)	60,311	-	163,994	-
General Manager of the CM Business Unit	Tung, Yen-Liang (Note 1)	30,656	-	43,947	-
General Manager of the AE Business Unit	Cheng, Wei-Hao (Note 2,3)	162,495	-	39,670	-
General Manager of the Business Unit of the Subsidiary Company	Chou, Yung-Chang (Note 2)	(13,925)	-	52,800	-
Acting General Manager of the MKB Business Unit	Tsai, Chin-Cheng (Note 2)	(88,420)	-	105,378	-
Acting General Manager of the MKB Business Unit	Hsu, Chieh-Hsiang (Notes 3)	59,750	-	46,656	-
Acting General Manager of VIPs	Tsai, Mei-I (Note 1)	18,625	-	75,512	-
Vice General Manager of the CM Business Division	Li, Pei-Jan (Note 1)	51,783	-	35,217	-
Vice General Manager of the New Product Development Center	Huang, Kuang-Yu (Note 1)	50,466	-	29,287	-
Chief Purchasing Officer	Chang, Chao-Hsien (Note 1)	(113,877)	-	87,324	-
Vice General Manager of Financial and Administrative Department	Lin, Yu-Ling(Note 1)	(79,000)	-	0	-
Vice General Manager of the IPD Business Division	Tu, Ku-Chin(Note 1)	31,350	-	2,080	-
Acting Vice General Manager of the Automation Engineering Center	Tseng, Chin-Cheng (Note 1)	18,053	-	39,812	-
Assistant General Manager of the Overseas Business Management Division	Chang, Ting-Shan (Note 1)	(24,173)	-	26,693	-
Assistant General Manager of the MKB Development Division	Chen, Tsung-Min (Note 1)	47,156	-	43,059	-

Occupational Title	Name	2019		From January 1 to April 12, 2020	
		Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity	Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity
Assistant General Manager of MKB PM	Yang, Ching-Wu (Note 1)	(12,002)	-	5,339	-
Chief Information Officer	Chang, Yu-Yun (Note 1)	51,615	-	38,798	-
Chief Human Resources Officer	Hsiao, Huan-Wen (Note 1)	26,592	-	64,769	-
Special Assistant	Chen, Chiu-Mei (Note 1)	25,208	-	48,554	-
Assistant General Manager of the Subsidiary Company	Juan, Yun-Chu (Note 1)	(4,798)	-	26,851	-
Deputy Director of the Audit Division	Chao, Yuan-Hung(Note 4)	-	-	7,293	-

Note 1: The number of shares held by individuals includes the number of retained discretion over use of trust shares.

Note 2: Ms. Li, Cih-Jing and Mr. Chu, Jia-Siang took office on June 5, 2019, so the difference in the above table is from June 5, 2019 to December 31, 2019.

Note 3: Hsu, Chieh-Hsiang took office on February 1, 2019, so the difference in the above table is from February 1, 2019 to December 31, 2019.

Note 4: Mr. Chao, Yuan-Hung took office on April 1, 2020, so the difference in the above table is from April 1, 2020 to April 8, 2020.

(II) The counterparties of equity transfer are related parties:

Name (Note 1)	Reason for Transfer of Shares (Note 2)	Transaction Date	Counterparties of Transactions	Relation between the counterparties of transactions and the Company, Directors, Supervisors, and shareholders holding more than 10% of the shares issued by the Company.	Quantity of Shares	Transaction Price
Chuang, Ting Shan	Gift	December 16, 2019	Huang, Hsiu-Ying	Couple	42,000	Not Applicable
Chen, Shao-Lung	Gift	March 9, 2020	Chen, Yun-Tieh	Father and Daughter	26,000	Not Applicable

Note: Fill in the names of the Directors, Supervisors, Managers, and shareholders of the Company holding more than 10% of the shares issued by the Company.

(III) The counterparties of share pledges are related parties: None

The counterparties of share pledges are not related parties, so it is not needed to list the related information.

8. Information on relationships among the top ten shareholders:

4/12/2020 Units: share; %

Name	In Person Quantity of Shareholding (note 1)		Shares Held by Spouse and/or Children who are Minors		Total Shareholding of Shares in the Name of a Third Party		The titles or names and relations of the top 10 Shareholders who are related parties or spouses, or kindred within the 2nd tier under the Civil Code to one another:		Remarks
	Quantity of Shares	Proportion of Shareholding % (Note 2)	Quantity of Shares	Proportion of Shareholding % (Note 2)	Quantity of Shares	Proportion of Shareholding % (Note 2)	Title or name	Relation	
Hsu, Kun-Tai	61,615,782	8.33	4,021,401	0.54	-	-	Unikey Electronics Co., Ltd. Hongwell Co., Ltd. Hipro Electronics CO., LTD. Dong Ling Investment Co., Ltd. Ching Yuan Investment Co., Ltd.	Director of the Legal Representative of the Company Chairman of the Company Chairman (Legal Representative) of the Company Chairman of the Company Chairman of the Company	※
Unikey Electronics Co., Ltd.	21,174,298	2.86	-	-	-	-		The Company invests 100% of the investment company.	
							Hsu, Kun-Tai	Director of the Legal Representative of the Company	
Principal: Lu, Chin-Chung							Hipro Electronics CO., LTD.	Director of the Legal Representative of the Company	
Yuanta Taiwan High Dividend Fund Account	20,542,264	2.78							
Citibank (Taiwan) Commercial Bank Hosting Government of Singapore Investment Account	18,651,854	2.52	-	-	-	-	-	-	
Hongwell Co., Ltd.	17,591,340	2.38	-	-	-	-	Hsu, Kun-Tai Hipro Electronics CO., LTD. Dong Ling Investment Co., Ltd. Ching Yuan Investment Co., Ltd.	Chairman of the Company The Chairman is the same person The Chairman is the same person The Chairman is the same person	
Principal: Kun Tai Hsu							As above	As above	※
Hipro Electronics CO., LTD.	16,188,935	2.19	-	-	-	-	Hsu, Kun-Tai Hongwell CO., LTD. Dong Ling Investment Co., Ltd.	The Company invests 100% of the investment company. Chairman of the Company (Legal Representative) The Chairman is the same person The Chairman is the same person	

							Ching Yuan Investment Co., Ltd.	The Chairman is the same person	
Principal: Kun Tai Hsu							As above	As above	※
JP Morgan Commercial Bank Taipei Branch Hosting Robeco Capital Growth Fund Investment Account	11,934,914	1.61							
Dong Ling Investment Co., Ltd.	11,171,329	1.51	-	-	-	-	Hsu, Kun-Tai Hongwell Co., Ltd. Hipro Electronics CO., LTD. Ching Yuan Investment Co., Ltd.	Chairman of the Company The Chairman is the same person The Chairman is the same person The Chairman is the same person	
Principal: Hsu, Kun Tai							As above	As above	※
JP Morgan Commercial Bank Hosting Vanguard Total International Stock Index Fund Account	11,000,280	1.49	-	-	-	-	-	-	
Ching Yuan Investment Co., Ltd.	10,908,945	1.48	-	-	-	-	Hsu, Kun-Tai Hongwell Co., Ltd. Hipro Electronics CO., LTD. Dong Ling Investment Co., Ltd.	Chairman of the Company The Chairman is the same person The Chairman is the same person The Chairman is the same person	
Principal: Hsu, Kun Tai							As above	As above	※

Note 1: The shares held in this table do not include the person or the spouse retained discretion over use of trust shares.

Note 2: The shareholding ratio is Shareholding shares/Outstanding shares 739,460,300 shares.

9. Investment by directors, supervisors, manager, groups of direct or indirect control in the investment business, and to calculate the combined shareholding percentage:

3/31/2020 Units: share; %

Shift in Investment	Investment by the Company		Investment by the Directors, Supervisors, Managers, or investee Company with direct or indirect control.(Note 2)		Combined Investment	
	Quantity of Shares	Proportion of Shareholding %	Quantity of Shares	Proportion of Shareholding %	Quantity of Shares	Proportion of Shareholding %
Chicony Overseas Inc.	1,000	100	-	-	1,000	100
Chicony Global Inc.	1,000,000	100	-	-	1,000,000	100
Chicony Electronics (Thailand) Co., Ltd.	4,323,377	70.73	1,789,148	29.27	6,112,525	100
Chicony Power Technology Co. Ltd. (Note 2)	197,123,594	50.71	11,049,685	2.84	208,173,279	53.55
Hipro Overseas (BVI) Inc.	12,560,000	100	-	-	12,560,000	100
Hipro Electronics CO., LTD.	4,660,000	100	-	-	4,660,000	100
Unikey Electronics Co., Ltd.	90,000,000	100	-	-	90,000,000	100
XAVi Technologies Corporation (Note 3)	45,836,823	46.14	8,824,318	8.88	54,661,141	55.02

Note 1: The Company adopts the equity method of investment.

Note 2: The book closure date of Chicony Power Co., Ltd, was April 11, 2020.

Note 3: The book closure date of XAVi Technologies Corporation was April 10, 2020.

IV. Status of financing

1. Capital and Shares

(1) Sources of Equity Capital

Unit: Share/NTD$

YYYYMM	Offering Price	Authorized Capital		Paid-in Capital		Remarks					
						Sources of Equity Capital				The use of assets other than cash for equity investment	Other
		Quantity of Shares	Amount	Quantity of Shares	Amount	Raising New capital	Capital Increase by Earnings or Remuneration of Employees	Capitalization of Additional Paid-in Capital Into New Shares	Total		
June 2012	10	700,000,000	7,000,000,000	675,778,209	6,757,782,090	-	31,334,619	-	31,334,619	Nil	Note 1
June 2013	10	700,000,000	7,000,000,000	686,721,614	6,867,216,140	-	10,943,405	-	10,943,405	Nil	Note 2
June 2014	10	700,000,000	7,000,000,000	694,865,413	6,948,654,130	-	8,143,799	-	8,143,799	Nil	Note 3
July 2015	10	800,000,000	8,000,000,000	703,810,114	7,038,101,140	-	8,944,701	-	8,944,701	Nil	Note 4
August 2016	10	800,000,000	8,000,000,000	712,082,016	7,120,820,160	-	8,271,902	-	8,271,902	Nil	Note 5
April 2017	10	800,000,000	8,000,000,000	717,033,872	7,170,338,720	-	4,951,856	-	4,951,856	Nil	Note 6
August 2017	10	800,000,000	8,000,000,000	720,605,112	7,206,051,120	-	3,571,240	-	3,571,240	Nil	Note 7
April 2018	10	800,000,000	8,000,000,000	726,760,003	7,267,600,030	-	6,154,891	-	6,154,891	Nil	Note 8
August 2018	10	800,000,000	8,000,000,000	730,379,874	7,303,798,740	-	3,619,871	-	3,619,871	Nil	Note 9
April 2019	10	800,000,000	8,000,000,000	734,497,521	7,344,975,210		4,117,647	-	4,117,647	Nil	Note 10
April 2020	10	800,000,000	8,000,000,000	739,460,300	7,394,603,000		4,962,779	-	4,962,779	Nil	Note 11

Note 1: The Financial Supervisory Commission (FSC) approved JGZFZ No. 1010027651 on June 22, 2012.

Note 2: The Financial Supervisory Commission (FSC) approved JGZFZ No. 1020024198 on June 21, 2013.

Note 3: The Financial Supervisory Commission (FSC) approved JGZFZ No. 1030023361 on June 19, 2014.

Note 4: The Financial Supervisory Commission (FSC) approved JGZFZ No. 1040027783 on July 22, 2015.

Note 5: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10501189550 on August 11, 2016.

Note 6: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10601052890 on April 28, 2017.

Note 7: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10601109560 on August 4, 2017.

Note 8: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10701041640 on April 25, 2018.

Note 9: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10701097250 on August 8, 2018.

Note 10: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 10801045710 on April 24, 2019.

Note 11: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 10901060730 on April 21, 2020.

Units: share

Type of Shares	Authorized Capital Stock			Remarks
	Outstanding Shares (note)	Unissued Shares	Total	
Common Shares	739,460,300	60,539,700	800,000,000	Shares are Listed on the TWSE

Information on Shelf Registration System: None.

(2) Structure of shareholders

4/12/2020

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Foreign Institutional Shareholders and Individuals	Individuals	Treasury Stock	Total
Number of Persons	1	27	130	848	21,167	0	22,173
Shareholding number	115	30,453,884	149,829,466	376,766,024	182,410,811	0	739,460,300
Proportion of Shareholding (note 1)	0.00%	4.12%	20.26%	50.95%	24.67%	0.00%	100.00%

Note 1: The shareholding ratio is Shareholding shares/Outstanding shares 739,460,300 shares.

Note 2: Companies listed on the TWSE (TPEx) and emerging stock market for the first time should disclose the proportion of capital from Mainland China in shareholding: Capital from Mainland China refers to companies invested in by the people, institutions, organizations, other institutions, or in a third region as stated in Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area: The Company Not Applicable.

(3) Dispersion of equity shares

4/12/2020

Shareholding Along the Scale of Share Quantity	Number of Shareholders	Shareholding number	Proportion of Shareholding (%)
1 to 999	9,673	1,315,975	0.18%
1,000 to 5,000	8,998	17,277,301	2.34%
5,001 to 10,000	1,324	9,444,495	1.28%
10,001 to 15,000	524	6,340,672	0.86%
15,001 to 20,000	304	5,364,982	0.73%
20,001 to 30,000	272	6,647,005	0.90%
30,001 to 40,000	150	5,211,241	0.70%
40,001 to 50,000	106	4,752,048	0.64%
50,001 to 100,000	245	17,558,286	2.37%
100,001 to 200,000	184	26,194,855	3.54%
200,001 to 400,000	141	39,636,447	5.36%
400,001 to 600,000	72	35,879,897	4.85%
600,001 to 800,000	34	23,759,462	3.21%
800,001 to 1,000,000	21	18,936,203	2.56%
More than NT$ 1,000,001	125	521,141,431	70.48%
Total	22,173	739,460,300	100.00%

Note: The shareholding ratio is equal to the number of holding shares/the total number of issued shares 739,460,300 shares.

(4) List of Major Shareholders: Holding more than 5% of the total shares or shareholders among the top 10 by shareholding ratio.

4/12/2020

Names of Dominant Shareholders \ Shares	Shareholding number (note 2)	Proportion of Shareholding (%) (Note 1)
Hsu, Kun-Tai	61,615,782	8.33%
Unikey Electronics Co., Ltd.	21,174,298	2.86%
Yuanta Taiwan High Dividend Fund Account	20,542,264	2.78%
Citibank (Taiwan) Commercial Bank Hosting Government of Singapore Investment Account	18,651,854	2.52%
Hongwell Co., Ltd.	17,591,340	2.38%
Hipro Electronics CO., LTD.	16,188,935	2.19%
JP Morgan Commercial Bank Taipei Branch Hosting Robeco Capital Growth Fund Investment Account	11,934,914	1.61%
Dong Ling Investment Co., Ltd.	11,171,329	1.51%
JP Morgan Commercial Bank Hosting Vanguard Total International Stock Index Fund Account	11,000,280	1.49%
Ching Yuan Investment Co., Ltd.	10,908,945	1.48%

Note 1: The shareholding ratio is equal to the number of holding shares/the total number of issued shares 739,460,300 shares.

Note 2: The table does not include retained discretion over use of trust shares.

(5) Market price, net value, earnings, and dividends per share and related information:

Item \ Year			2018	2019	1.1.2020 to 3.31.2020
Market Price per Share	High		77.50	100.50	71.90
	Low		52.80	62.40	62.40
	Average		68.02	80.34	68.10
Net Value per Share	Cum-dividend		35.07	39.11	38.18
	Ex-dividend		31.27	33.21	Note 4
Earnings per Share	Weighted Average of Outstanding Shares (thousand shares)		688,299	691,107	687,783
	Earnings per Share	Before Adjustment	5.22	8.45	2.39
		After Adjustment	5.22	8.45	Note 4
Dividend per Share	Cash Dividend (Note 4)		3.80	5.90	Note 4
	Stock Dividend	Stock Dividend from Capitalization of Retained Earnings	0	0	Note 4
		Stock Dividend from Capitalization of Additional Paid-in Capital	0	0	Note 4
	Accumulated Undistributed Dividend (no issuance of equity securities)		0	0	Note 4
Analysis of ROI	P/E Ratio (Note 1)		13.04	9.51	N/A
	P/P Ratio (Note 2)		17.90	13.62	Note 4
	Cash Dividend Yield (Note 3)		5.59%	7.34%	Note 4

Note 1: P/E Ratio = The average closing price per share of the year/earnings per share (before

adjustment).

Note 2: P/P Ratio = The average closing price per share of the year/cash dividend per share.

Note 3: Cash Dividend Yield = Cash dividend per share/the average closing price per share of the year.

Note 4: The distribution of cash dividend was resolved by the board meeting; in the first quarter of 2020, there was no resolution in the Board Meeting or Shareholders Meeting.

(6) Dividend Policy and Distribution of Stock Dividends at This Shareholders' Meeting:

1. Dividend Policy:

To match the long-term financial planning of the Company and the target of sustainable management, Article 19 of the Articles of Incorporation specifies the future dividend policy as follows:

"The Company is currently at the development period of the electronic industry, so the dividend policy shall meet the goals of meeting the fund demand for new products and increasing the return on investment of shareholders. Therefore, the total dividend distributed shall not be higher than 90% of total earnings that is distributable as shareholders' dividends, and the cash dividend shall not be less than 10 % of total amount of distributed dividends.

Where the par value of distributable dividends is less than $0.5 per share, it shall be exempted from the preceding paragraph."

2. Allocation of Dividends Proposed at the Shareholders' Meeting：

According to Company's Articles of Incorporation, the Board approved to pay cash dividend of NT$5.9 per share, a total of 4,362,815,770 from undistributed earnings.

3. Note to anticipated significant change in the dividend policy: Not Applicable.

(7) The effect of the proposal for paying stock dividends in the current session of the Shareholders Meeting on the operation performance, and earnings per share of the Company:

This Shareholders Meeting did not make capital increase by earnings to issue new shares, so it is not applicable.

(8) Remuneration to the employees, Directors, and Supervisors:

1. The distribution was made in accordance with Article 18 of the Company's Article of Incorporation "The Company shall distribute no less than 11% of current pre-tax earnings before deducting the employee compensation and Directors and Supervisors' remuneration as the employee compensation and no more than 1% of such earnings as the remuneration for Directors and Supervisors. When the Company has accumulated losses (including adjusted retained earnings), the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and Directors and supervisors in accordance with the aforesaid percentage." The board of directors shall make a resolution on the distribution of employees' remuneration and directors' remuneration, and submit a report to the shareholders' meeting.

2. The Company earned NT$7,141,923,896 in 2019. After deliberation of the 3rd Session of the 4th Remuneration Committee and the 5th Session of the 13th Board of Directors on March 10, 2020, employee remuneration of NT$838,112,364 (11.74%) and director remuneration NT$52,069,960 (0.73%) was paid. The employee's remuneration is intended to be issued in cash of NT$438,112,377 and new shares of NT$399,999,987.(The calculated price was NT$80.6 per share, the closing price the day before the new shares being issued by the Board of Directors, and a total of 4,962,779 new shares were issued.)

The Board of Directors plans to pay NT$890,182,324 to employees, directors, and

supervisors as remuneration, which is the same as the estimated amount of the Financial Report in 2019; After considering the payment for employees and directors as remuneration, the calculated earnings per share is NT$ 8.45.

The Remuneration Committee of the Company regularly reviews the performance targets of the directors, supervisors, and managers based on Article 7 of the "Registration Rules of the Remuneration Committee" and sets the content and amount of its individual remuneration. In the 2019 Financial Statement audited by the CPA, revenue grew 6%, and net income grew 63%. After a comprehensive evaluation on the performance of revenue growth, profitability, actual payment to the directors and supervisors, peer performance comparison, and salary levels in 2019, the remuneration to directors and supervisors are not unreasonable.

3. In 2019, the actual remuneration paid to the directors, supervisors, and employees of annual earnings distribution in 2018 was as follows:
   (1) The actual remuneration of the directors and supervisors was NT$31,252,334, and the remuneration of employees was NT$503,034,142, which was the same as the distribution passed by the Board of Directors originally. Among the remuneration to employees, the amount issued in shares was NT$279,999,996, and 4,117,647 new shares were issued. The cash amount was NT$223,034,146, which was distributed to employees and employees of the companies whose shares are held by the Company by more than 50%.
   (2) The Shareholders Meeting resolved to pay NT$534,286,476 as remuneration to employees, directors, and supervisors, which is the same as the estimated amount in the Financial Report in 2018.

(9) The repurchase of Company shares by the Company:

1. Implemented

Buyback period	The 10th	The 11th
Purpose of repurchase	Transfer shares to employees	Transfer shares to employees
Buyback period	November 11, 2016 ～ December 30, 2016	September 25, 2018 ～ November 13, 2018
Buy back price interval	71.83 ~ 74.89	54.40 ~ 61.68
Type and number of shares bought back	2,786,000 common shares	3,591,000 common shares
Amount of shares bought back	NT$205,887,312	NT$211,419,429
Ratio of bought back quantity to scheduled bought back quantity (%)	27.86%	35.91%
Number of shares cancelled and transferred	2,786,000 shares have been transferred	3,591,000 shares have been transferred
Accumulated number of shares of the Company held	0 share	0 share
Ratio of cumulative holding of shares in the Company to total number of issued shares (%)	0%	0%

Note: The above-mentioned shares of the Company have been transferred to the employees of the Company in accordance with the provisions of the "Measures for the Transfer of Shares from the Company's 10th and 11th Treasury Shares Repurchase to the Employees" on October 30, 2019 for a total of 6,377,000 shares.

2. Under implementation: No such situation.

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2. Information of Corporate Bonds: None
3. Information of Preferred Shares: None
4. Issuance of Overseas Depository Receipts: None
5. Issuance of ESO: None
6. Issuance of New Restricted Stocks: None
7. Merger and Acquisition, or Acceptance of Shares From Assignment of Other Issuers: None
8. The implementation of the fund utilization plan:
   (I) Up to March 31, 2020, the previous issue or private placement of securities that has not yet been completed or has already been completed in the most recent three years and the plan benefits have not yet appeared: None
   (II) Analysis of the Implementation of the Plans for the Previous Items and Comparison to the Original Expected Benefits: None

V. Operational Highlights

1. Business Overview

(1) Business Scope

1. Major Content of Business Activities:

(1) Design, development, manufacturing, and trading of input device products such as desktop keyboards, portable computer keyboards, mice, and computer cameras.

(2) Design, development, manufacturing, and trading of digital imaging products such as digital cameras, notebook computer built-in camera modules, mobile phone camera modules, and sports digital cameras.

(3) Sales for the proxy of domestic and foreign manufacturers of projectors, large image output machines, driving recorders, security control, and other technology product and consumer products.

(4) Switching power supply, research and development, manufacturing, and trading of various electronic components and equipment, lighting, and intelligent building system business.

(5) Smart Home and Networking products.

2. Operational Proportion: 2019 Unit: NTD 1,000

Product Items	Amount	Product Proportion %
Electronic Parts and Components	45,659,986	49.33
Consumer and Other Electronic Products	46,015,236	49.72
Others	877,103	0.95
Total	92,552,325	100.00

3. Current Products and Services

(1) Desk Top PC Keyboard, Gaming Keyboard, Ergonomic Keyboard, and Analog Gaming Keyboard

(2) Programmable Keyboard, Smart Card Keyboard, Biometric Input Keyboard and Mouse

(3) Wireless Portable Bluetooth iPad, Tablet PC Keyboard, Wireless Portable Bluetooth Phone Keyboard

(4) Mechanical/ Bluetooth Dual Mode Wired/Wireless Multi-Color LED Backlight Keyboard and Mouse

(5) Wireless Keyboard/Mouse and Wireless Charging Mouse Pad

(6) Tablet leather case keyboard set

(7) 2.4G Touch/Optical/Laser Mouse

(8) Multifunctional and Colorful Game Mouse Pad

(9) Low Energy Notebook Keyboard, Antibacterial Medical Notebook Keyboard , Backlight Notebook Keyboard

(10) Wireless Portable Bluetooth iPad, Tablet PC Keyboard, Wireless Portable Bluetooth Phone Keyboard

(11) Multi-function Notebook Keyboard Combined with Network and Communication

(12) Tracker Multi-function Pedometer

(13) NFC TAG Bluetooth Matching Module

(14) Stylus Pen, Magnetic Digital Board

(15) Digital Camera, Webcam
(16) Wi-Fi Sports Digital Camera/ Pet Feeder
(17) Wi-Fi IP Cam Digital Wireless Camera/Floodlight Surveillance Cam/ Doorbell Cam
(18) Wireless Driving Recorder, 360 Degree Panoramic Camera, Drone Camera Wireless Camera
(19) Optical Anti-shake Mobile Phone Camera Module, Autofocus Camera Module
(20) Notebook Camera built-in Module (incl. narrow border products), Tablet PC built-in Camera Module
(21) LCD Monitor Camera Module, Video Image Camera Module, 3D Image Module
(22) UAV Dedicated Image Module, Game Console Dedicated Image Module
(23) Power Supply and LED Light Products:
A. Desktop PC Power Supply: To meet the international energy-saving requirements for multi- and single-output power supply and provide PC and workstation power, and provide miniaturization for All in One systems.
B. E-sports Personal Computer Power: Built-in, 150W - 850W.
C. Game Console Power Supply: To provide the internal/external power supply for new generation game consoles, and support the power supply for game console accessories in three dimensions.
D. Notebook Computer Power Supply: The type includes 30W to 200W products and to provide power for different sizes of notebooks (10 inches to 15 inches standard notebooks), and 150W to 500W power to provide for e-sports.
E. Set-top Box Power Supply: To provide network-on-box power to the network or program provider.
F. Cloud Server Power System: 500W-2000W power system.
(A) Communication Power: To provide small power supply for routers, networks, and HUBs, and hundreds of watts of corporate central network power.
(B) Server Modular Design Power Supply: To provide ultra-high-power density modular design 500W/800W/1000W/1200W/1600W/2000W CRPS standard power supply module, and support from low-level to high-level AI server and ultra-large cloud data center (N+1/N+N) redundant power system.
(C) Storage Device Power: High-reliability (N+1/N+N) redundant power supply can determine any situation of power failure or power supply damage and it still can operate in any situation.
G. Laser Printer Power Supply: It can provide the 110W and 400W power modules and 72W (combo) for laser printers and laser engine drivers.
H. Inkjet Printer Power Supply: It can provide built-in power supply from 10W to 60W.
I. Internet of Things (IOT): Power supply with accessory host.
J. Battery Charging Device: To provide power supply and charging for machine tools, drones, and mobile devices.
K. Power Supply for Smart Home Devices: The adapter and open frame provide two types from 5W to 60W and use the related applications that include smart speakers, smart doorbells, smart temperature controllers and smoke detectors,

smart monitoring systems and security systems, smart switches and sockets, and smart makeup mirrors.

L. Intranet PoE Power supply：50W to 1000W system internal power.

M. LED Vehicle Lighting and Modules: To provide and cooperate with the original car factory to design and develop various types of interior and exterior lighting, and also provide design and production of various LED lighting modules.

N. Smart Building System: To provide an intelligent building integration management platform, intelligent computing logic controller, wireless control module, wireless channel, environment sensor, and mobile device APP.

O. Environmental Control Integrated System: To provide system control host, wireless control module, environment sensor, wireless finder, and mobile device App.

P. Energy management system: Provide the system control unit, wired/wireless smart meter, mobile device App.

Q. Image Recognition System: To provide image recognition software such as facial recognition, personnel tracking, regional alert, and license plate recognition.

R. To provide intelligent building system engineering consulting, planning, design, system integration, procurement, construction, and maintenance operations.

4. New Products to be developed

(1) Bluetooth Folding Ultra-thin Keyboard, Water-proof, and Dust-proof Keyboard
(2) Contactless (NFC) inductive card reading commercial wireless keyboard
(3) Special keyboard for wireless entertainment SVOD
(4) Wi-Fi Gaming Keyboard, Mouse, Mouse Pad
(5) Super Thin/ Commercial Portable Mouse
(6) Portable Gaming Keyboard/Controller
(7) Special keyboard, mouse and controller for cloud game platform
(8) Smart Internet TV Remote Control (with voice input and output)
(9) IOT and Smart Home Controller
(10) AR/VR/MR Somatosensory Remote Control
(11) High Power Charger
(12) Multi-Function Charger
(13) Smartphone Gaming Board
(14) Briefing pen with the ability of synchronous display of notes
(15) Convertible Icon Type Notebook Keyboard , Touch Computer Keyboard, Water-proof Mechanical Keyboard
(16) MPP 2.0 Stylus
(17) Internet of Vehicle Wireless AI Smart Driving Recorder
(18) 4G LTE IP Cam and Driving Recorder
(19) With advanced driving assistance system (ADAS) tachograph
(20) Wireless IP Cam with IOT Sensor
(21) Live IP CAM with Wi-Fi
(22) Smart Doorbell Cam, Long distance low power transmission camera, Floodlight super wide angle camera
(23) Medical Endoscope Camera Module, Doorbell video camera module

(24) Home smart camera, Intelligent video camera with lamp

(25) AGV Camera, Small wireless battery powered IP cam, 180 degree Live-Stream Camera

(26) Power Supply and LED Light Source Products:

A. Power supply for desktop PCs and workstation: Continuously provide platinum highly efficient models and miniaturized highly efficient All in One power supplies. At the same time, with the new ErP regulations, the development of titanium high-efficiency power supply models.

B. Power supply for gaming consoles: Develop high power and miniaturized power supplies over 200W with high switching frequency for new generation gaming console products.

C. Power supply for notebook PCs: Power supplies with ultra-low standby power consumption (approximately 20mW), and ultra-thin or ultra-compact multi-function power supplies. They use the-state-of-the-art architecture and parts. (ACF+GaN) The new USB Type C PD adapter with a variable output for more than 100W.

D. 5G uses the telecom IT infrastructure power system: 500 ~ 1300W Series provide support for OTII (Open Telecom IT Infrastructure) high-temperature and high-humidity server room power system.

E. High-end AI servers and hyper-scale cloud data center power system: The 3000 ~ 4400W high power density modular design power module provides support for high-end AI servers and hyper-scale cloud data center (N+1/N+N) redundant power supply system.

F. Power supply for IoT devices.

G. Various battery charging devices for high-end drone charging stations, chargers for electric motorcycles, and electric bicycle charger.

H. Embedded power supply for industrial panel PC: Provide the Industry 4.0 automatic panel PC system with 50W-450W power available for edge computing.

I. Power supply for personal gaming computer: Provide platinum ATX 80 PLUS internal power supply which has high power density and full digitalization with multiple sets of output and variable voltage.

J. Standard power supply rack and power module for the Open Compute Project of the information center: 18KW to 36KW power supply rack embedded with N+1 redundant power supply system.

K. High efficiency fanless PoE power supply with natural cooling.

L. Development of the LED adaptive driving beam module and laser high beam module.

M. Smart heating, ventilation and air conditioning system: Provide a resolution for smart air handling unit, integrated equipment of wind turbine, smart air handling unit controller, various types of sensors and APPs for mobile devices. Desktop PC Power Supply: Continuously providing high-efficiency models of the Platinum brand and miniaturized and efficient All in One power supply.

(2) Industry Overview

(1) The Outlook:

The Company's main products are keyboard applications (NB, DT, tablet plug-in, etc.), image related products (NB lens module, motion camera, IP cam, driving recorder, etc.), power supply related products (PC, NB, server, game console, etc.).The Company's product lines in PC, NB keyboard and motion camera are all

leading in the world, and its subsidiary Chicony Power Technology is also the world's largest NB power plant. On the keyboard part, the PC market enjoyed an increase in shipment due to the replacement of computers by large enterprises last year to upgrade to Windows 10 OS. In addition, the trade war between China and the United States prompted manufacturers to prepare goods ahead of time, thus offsetting the falling consumer market which was hit by smart phones. Furthermore, the price hike of high unit-price e-competition keyboards and the increased market penetration rate of high unit-price keyboard with built-in backlight from 15% in 2015 to 37% led to an increase in keyboard product revenue, and also enabled the keyboard products to maintain a certain level of profit growth. On the part of image products, as consumers have realized the functions and advantages of smart home, and the price of related devices and services has declined, the smart internet life is becoming more popular, the number of smart home devices and related hardware and software expenditure continue to grow, and the revenue and profit growth of many smart home related products of the Company, such as smart doorbell, wireless network camera, pet feeding machine, smart speaker, etc., will also be better than expected. On the part of power supply, in addition to the continuous growth of e-competition related power supply products, with the injection of high-value products such as smart home, game machine, type-C notebook and large watt notebook, the performance is also expected to be good. On the CRPS server power supply with a long-layout, orders have been won from large manufacturers, and the start of another wave of growth momentum is expected. The Company has the competitive advantage of integrating key technologies in imaging, Wi-Fi, power control and software which can continuously raise the market share in relevant markets, and is expected to further boost the overall profits of the Company due to the high added value and optimized product structure.

The development of PC and NB products in the world is mature. In recent years, the two major driving forces which stop the expansion of decline in product shipment are the wave of machine upgrade in the commercial market and the demand for e-games. However, with the rapid improvement of mobile phone specifications and efficiency and the constant impact of mobile games, the demand for e-games in the NB market is slowing down. Light and thin NB should be the mainstream for the next generation of design. Folding screen NB may be a new source of growth momentum for the NB industry which has been weak for many years. The compound growth rate of global smart home is about 17% from 2019 to 2023. Among company related security control products, surveillance camera (20%), anti-theft alarm (19%) and access control system (17%) are the top three. Research institutions predict that the sales volume of global surveillance camera will increase from US$36.9 billion in 2018 to US$68.4 billion in 2023, with an annual growth rate of about 13%.With the continuous digital transformation of enterprises, the gradual fermentation of AI applications, and the active promotion of hybrid cloud by cloud operators, the global server shipment volume is expected to grow by 5% in 2020; coupled with the explosion of 5G data transmission volume since 2023, a push in computing demand is expected. It is estimated that the composite growth rate of global server shipment will reach 6.5% from 2019 to 2024. After the subsidiary Chicony Power gains a stable foothold in the three major markets of PC related products, cloud intelligence products and consumer electronic power supply, it will strive to enter the fields of server and database center.

The Power Supply Unit (PSU) is responsible for converting from the unstable power of the external supply to the stable power supply which is required for electronic products by the stable voltage and converter technique. Direct Current

(referred to as DC), is used by most of the electronic products. However, the power supply provided by the power company can only use high-voltage Alternating Current (AC) because of the physical limitation of power generation and power transmission. Therefore, electronic products must pass through the power supply device to convert the alternating current into direct current, and to adjust the voltage to within the scope of the operation of the product, so the product can operate smoothly. In addition, electronic components have become more sophisticated, but they are also vulnerable to unstable currents. Therefore, a stable power supply is not only the key to the normal operation of the product, but also affects the service life of the product. It is the heart of the electronic product.

The power supply is distinguished by the functions and basic structure. It can be mainly divided into the Linear Power Supply (LPS), the Switch Power Supply (SPS), and the Uninterruptible Power System (UPS), in which the switch power supply is the mainstream of current products, so the following power supply industry introduction mostly uses switch power supply as the main axis.

According to the characteristics of input/output, the power supply can be divided into AC/DC (Alternating Current to Direct Current), DC/DC (Direct Current to Direct Current), AC/AC (Alternating Current to Alternating Current), DC/AC (Direct Current to Alternating Current), etc. The power supply design is different depending on the requirements of the electronic product or instrument. AC/DC power supply is the most common type. The main purpose is to convert the mains into DC power that meets the operating voltage of the product. The products include SPS, adapters, etc., and are applied to PC, NB, electrical appliances, and network equipment, etc. DC/DC conversion power supply is mainly used for communication or extremely low voltage, or extremely high current. It converts the DC power that has been converted by the AC/DC power supply unit into various special voltages that are usually used when an extremely stable power supply is required or equipment that requires special operating voltage, such as computer chips, etc. AC/AC is mainly used in UPS (Uninterruptible Power System), DC/AC for solar power conversion, and so on. The detailed classification and use of the power supply can be found in the table below.

Main Classification of Power Supply

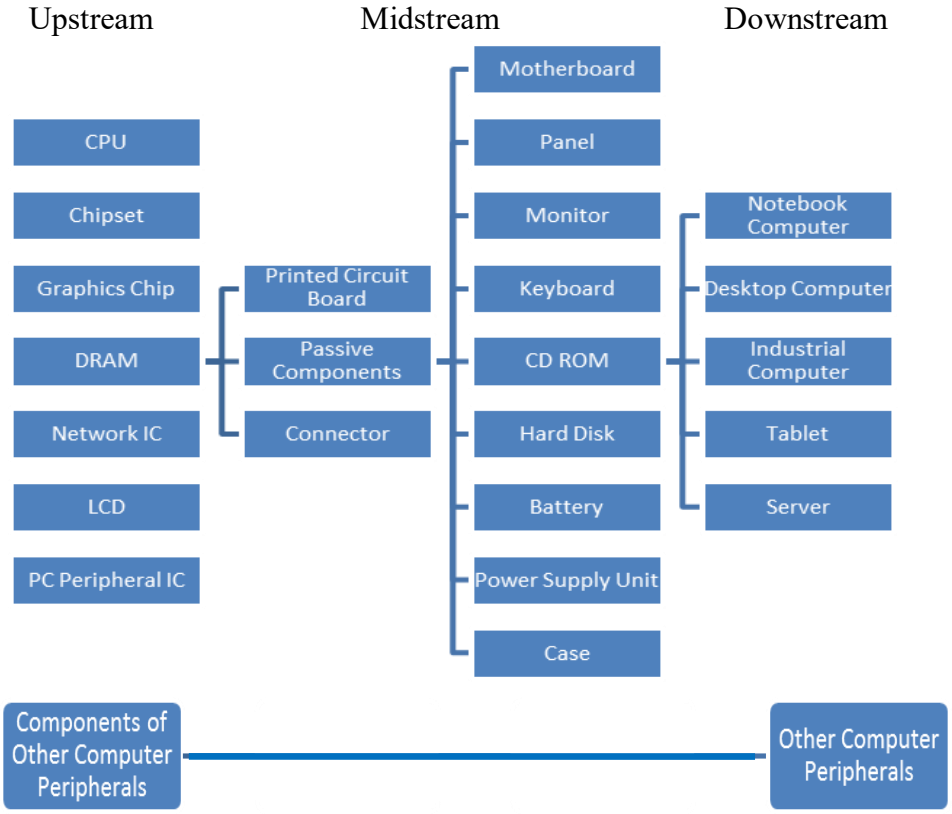
Input/ Output Type	Category	Major Products
AC/DC	PC Power Supply	The most common type of power supply and the main features are high efficiency, iron shell protection, and power between 50W - 2,000W.
AC/DC	Open Frame	Power supply built-in network communication products, industrial computers, industrial machinery, and displays have no iron shell protection and have a high degree of freedom in design. It can be customized based on space and power requirements.
AC/DC	Adapter	The common type of external power supply is covered by a plastic case, and is mostly used in notebook computers and various consumer electronic products.
DC/DC	Converter	DC power supply is used for buck-boost by AC/DC devices, and it is used in electronic products that require precise voltage.
AC/AC	UPS	UPS is an abbreviation for the uninterruptible power system. It is usually connected to AC for charging. When the power is off, AC power can be provided to electronic products such as computers.

In recent years, the concept of environmental awareness and energy conservation and carbon reduction has gradually become popular. How to improve the conversion efficiency of power supply and reduce standby power consumption in line with national energy conservation regulations and environmental protection laws and regulations will become the research and development focus of various manufacturers. Therefore, energy-saving products such as LCD TVs and LED lighting appliances are also becoming new markets for the industry; in order to develop revenue sources, manufacturers have taken advantage of power technology to gradually cut into other required high-power power converters, and other products,

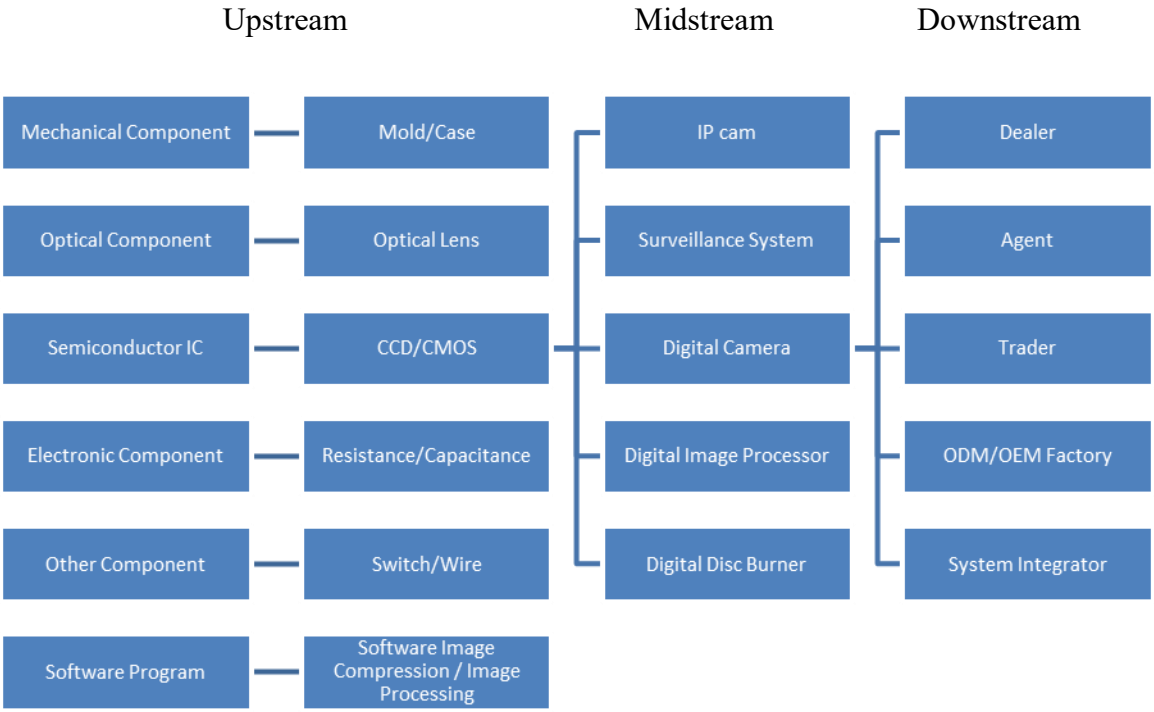
The new UBS TYPE C's identifiable system power supply has been gradually applied to the power supply by the new generation of PCs and mobile phones, and the TYPE C's USB interface connector may also become part of the standardization of mobile phones.

(2) Association Among the Upstream, Midstream, and Downstream Operations

1. Keyboard

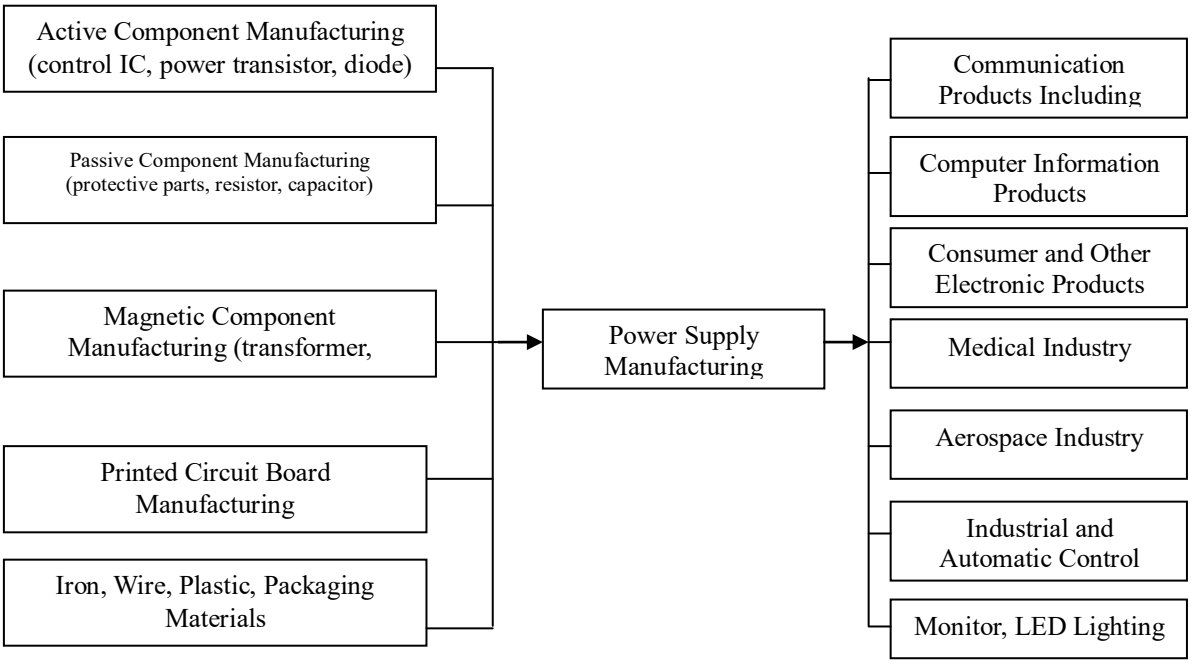


2. Digital Camera



3. Power Supply and LED Light Source Products

Related Upstream, Midstream, and Downstream Chart for Power Supply Manufacturing Industry



Power supplies usually consist of various active components (electrical signal amplification, oscillation, calculations, such as control ICs, power transistors, diodes), passive components (that do not change the basic characteristics of electrical signals, such as capacitors, resistors, protective parts), and the magnetic component (volatile filter or lifting voltage, such as transformers, inductors, filters), The above mentioned components are fixed on the printed circuit board (PCB) after manual or mechanical automation. If the power supply is not part of the Open Frame product, a metal casing is required to protect and shield the electromagnetic wave, and the external wiring material can be connected before being packaged for shipment. Power supplies are used in a wide variety of applications. In addition to being sold separately or as components of other electronic products, Taiwan manufacturers mainly produce power supplies for communication products, computer information products, and consumer electronics.

In the power supply market, Taiwanese companies are more focused on AC/DC and DC/DC products. Under normal circumstances, AC/DC applications are widely used, and DC/DC can be used as internal components of electronic products. Mostly used for high-end industrial power supply, the product technology level is relatively high. From the upstream, midstream, and downstream structures of the power supply industry, in the control IC part (components) of the “upstream raw materials” industry, it can be found that except for a small part of Taiwan that relies on foreign imports, most of the remaining components have good self-manufacturing capabilities. In the “downstream application industry” part, the Taiwanese information industry is mature and the industry chain is complete. It is highly competitive for PC-related, consumer electronics, Netcom, and industrial machinery.

Development Trend in Power Supply

(1) Product is Oriented towards Being Small and Beautiful

The power supply is a key component of electronic products, and its functional requirements are closely related to the characteristics of the application products. In recent years, electronic products have begun to

develop into small size, beautiful appearance, lightweight, stackable, low energy consumption, etc. In response to this demand, it is necessary to reduce the size of the module, beautify it, and increase the energy conversion efficiency.

(2) Product Quality and Technical Upgrade

As the standard products of power supply suppliers are becoming more and more mature, the main products of domestic manufacturers are mainly supporting information applications, and more and more competitors are involved, so the price competition is fierce. In the case that the downstream application product gross profit is becoming lower and lower, the Company must enter the new application market, and power supply manufacturers must not only improve their technology and quality, control costs and expand their own industrial economic scale, but also must strengthen the development and design of high value-added products.

(3) Safety Regulations are Becoming Stricter

Due to the increase in energy prices and consumer environmental awareness, the future development trend is to develop environmental protection and energy-saving products. In order to protect consumer safety, each country's safety requirements for electronic products are becoming stricter. In order to comply with the related regulations on energy conservation, the products and manufacturers that can provide solutions in technical design will have competitive advantages and market opportunities.

(4) Assembly Line and Key Components with Automated Production

In response to the shortage of manpower and rising wages, automated production can solve the delay in delivery and overall cost increase caused by manpower, and can also maintain product quality and reduce the quality problems caused by human negligence.

Competition of Power Supply

Since the power supply industry needs economies of scale or production technology, and some high-end or environmental power supplies need to be patented or certified, and the technical requirements of high-end products are relatively high and the research and development costs are high, so the entry threshold is relatively high. The future trend is that large companies will become bigger and bigger.

Taiwan is a major producer of global information products. Driven by downstream industries, power supply shipments have remained high, and competitors in the power supply industry are mainly Taiwanese manufacturers. Due to the wide range of applications of power supplies, and the fact that most companies focus on specific power ranges or applications, and each competitor has its own advantages, few companies on the market are eliminated, and they can find their own positioning in the market.

(3) R&D and Technology Overview

1. Research and Development Expenses for the Most Recent Year and the First Quarter of 2019

Unit: NT$ 1,000

Year	2019	2020 Q1
	Consolidated Financial Report	Consolidated Financial Report
R&D Expenses	3,369,287	492,306
Operating Revenue (Net)	92,552,325	18,110,219
R&D Expenses to Revenue %	3.64%	2.72%

2. Research and Development Achievements in 20198

(1) Keyboard, Mouse, Camera, Camera Module and other peripheral products

The Company has been actively applying for patents in various countries. In recent years, the Company has obtained nearly 500 approved patents in various countries, with nearly 300 applications being under review. The Company has been listed among the top 100 companies in patent application and certification by the Intellectual Property Office of the Ministry of Economic Affairs in recent years. In 2019, we obtained 49 patents in Taiwan, including the patents for its keyboard, mouse, image device, lens module and other related technologies.

(2)Power Supply

R&D Results	R&D Technology
• Built-in PSU for PC, 150W~850W	• LLC Technology
• External PSU for notebooks, 30W~ 330W	• Flyback • Half-bridge LLC architecture
• High-power smart DC power module for communications	• Half-bridge resonant • Digital monitoring design • Support for the redundancy function
• Miniaturized 30/40/60 W adapter with wall-mount design	• Active clamp Flyback + GaNFET
• New charging platform of Tablet/ Smart Phone	• Type C PD, PPS & QC
• Power supply for multi-function 300W/400W Laser printers	• LLC+AC Module
• New 700~2500W server PSU	• Full digital control LLC architecture
• USB Type C PD adapter with multiple outputs, 26W / 30W /45W /65W/90W	• Designed in accordance with the USB PD Spec and ASIC
• Large and small charging device for lithium batteries, up to 1200W	• LLC+ charging circuit
• IoT-related PSU 7W~30W	• Flyback+networked
• PSU platform for gaming consoles, 50W~850W	• Flyback + high-frequency LLC architecture
• PSU for inkjet printers, 15 W~50W	• Flyback architecture and plastic casing
• Direct AC lighting module and Smart Lighting module, 10 W~150W	• AC directly controlled LED light source

R&D Results	R&D Technology
• Built-in PSU for PC, 150W~850W	• LLC Technology
• External PSU for notebooks, 30W~ 330W	• Flyback • Half-bridge LLC architecture
	• Zigbee network architecture
• External high efficiency PSU for gaming PCs, 120W~330W	• LLC architecture
• Parallel module for drone charging stations, 1200W~2000W	• LLC architecture + charging auto control system
• Desktop gaming PSU, 550W~850W	• LLC architecture + Flyback + Buck
• Industrial Tablet PC embedded power supply, 50W~350W	• Active Clamp Forward • APFC • LLC architecture
• LED daylight and positioning lamp module • LED low beam module • LED high beam module • LED high/low beam module • LED fog lamp module • LED daylight and turn signal lamp module • LED combination tail lamp module • LED high mounted stop lamp module • LED interior lamp module	• Optical design for the LED high/low beam module • Light-guide type LED daylight and turn signal lamp design • Thick-wall type LED daylight and turn signal lamp design • Temperature protection design • Optical design for the LED low beam module

3. Future Research and Development Plans for the Coming Year

(1) Keyboard, Mouse, Camera, Camera Module and other peripheral products

Apart from environmental protection and energy saving, the Company continues to study the application of environmental protection materials and develop low-power products, and also continues to develop new technologies and products for customers. In the future, we will focus on the development of human/machine interface input devices, emphasize the application technology of products and enhance the traceability (IOT) and intelligent loss prevention (AI) functions of wireless devices.

In response to the arrival of the 5G generation, the bandwidth will be greatly improved, the maturity of video image related products will be accelerated, and the human life style will be changed after the combination with AI intelligence. Therefore, the Company will also focus on the development of AI and visual products, and expand the application of image products for smart home and remote connection.

(2) Power Supply Products and LED Lighting Equipment

A. Office Automation and PC Power Products:

In recent years, various industries have gradually listed energy conservation, carbon reduction, and green energy as requirements. In all types of power products, there are relevant international organizations that define future performance standards. Power products must move toward more efficient R&D. Focus on the future efficiency trend, adhere to the principle of innovation, and the Company invested a lot of resources to develop power products beyond the Platinum brand.

B. Entertainment Input Device:

Due to the advent of the cloud era, network streaming has gradually replaced traditional hardware. The mainstream trend of new hardware input

devices will be various Set-Top Boxes. Both the in-line power strip and the external thin power adapter are the future trend.

C. Smart Building System:

Smart systems have related abilities that are networking, computing, control, and learning capabilities, and provide a full range of intelligent solutions for lighting, air conditioning, power, security, human-vehicle detection, human-computer interaction, and widely used in residential, office, shopping malls, parks, and the city will be the core of the integrated management system of the future smart city.

D. PSU products for cloud information equipment and data center:

In the future, in the design and development of cloud equipment power supply, it is especially necessary to increase the proportion of software design applications, and focus on the power supply monitoring unit and digital power control, such as the power supply of the home security monitoring system. In the face of cloud service technology needs, the Company's power management solutions will continue to be launched, and challenges of future power supply design will be dealt with.

E. LED Lighting Equipment of Power Supply:

In order to provide a solution for overall system energy-saving lighting, and to meet the lighting environment design of human factors engineering, intelligent lighting has become one of the cores of research and development.

F. Car LED Headlight:

The Company expects to develop LED adaptive lamp (ADB) modules this year. ADB design reduces the glare of the oncoming car by automatically detecting the external environment and converting the light pattern, and the light type conversion is performed in accordance with the road environment conditions. By using the precise and direct characteristics of the laser, we can design a more compact high beam auxiliary light module and give the car factory greater flexibility in the exterior design.

(4) Long and Short-term Business Development Plans

1. Short-term Business Development Plan

(1) To expand continually the market share of products such as keyboards, images (lens modules, DV products, IP CAM, driving recorders, etc.), and power supplies.

(2) To focus on OEM/ODM business, in addition to increasing the number of existing models of new customers and new product lines, and actively seek new customers, and to expand continually the market share.

(3) In order to make the Company's turnover and profitability grow steadily, the market share of existing competitive products will be expanded, and the proportion of sales of high value-added products will be increased.

(4) To expand markets in emerging markets such as China, South America, and India, as well as Korean markets.

(5) The Company's direct investments of Chicony Power Co., Ltd, actively develop smartphones, smart homes, AI technology, and the Internet of Things, and other high value-added products business.

(6) In addition to augmenting the existing customer EMS product line business, the direct investments company, XAVi Technologies Co., Ltd, actively promoted the three first-line customer groups including Europe, America, and China.

(7) In order to meet the needs of customers' products and maximize the Company's

benefits, and continue to integrate the Group's marketing and global operations resources, ONE STOP SHOPPING is adopted for customers.

(8) The group integrates key technology in imaging, WIFI, power control, and software, and develops new product areas such as smart home, security, AI, and the Internet of Things.

2. Long-term Business Development Plan

(1) In order to maintain the Company's competitiveness, the Company continues to look for talents and strengthen its marketing, research and development, production, and global operations capabilities.

(2) To develop actively non-traditional PC products such as e-sports, servers, game consoles, AI technology, smart homes, and the Internet of Things.

(3) To expand the original international sales locations in the US and Japan.

2. Marketing, production, and sales overview

(1) Market Analysis

1. Sales Market for Primary Products

Distribution of Primary Products and Services in Major Markets and Distribution Methods:

Purpose of	Primary Market	Distribution Method
Electronical Parts and Components, Consumer and Other Electronic Products, etc.	America, Europe, Asia, Domestic	Domestic Sales, Export Sales, Indirect Sales

2. Market Share of Product

The Company sells many computer information peripheral products, including keyboards, digital cameras, mobile phone camera modules, notebook computer built-in camera modules, smart home-related products, the subsidiary company, Xavi Technologies Corporation, and subsidiaries Netcom products of Zhanda Communication, etc. From internal company and customers of statistics, the Chicony Group is ranked number 1 in the world market share in many products, such as PC/NB keyboards, NB power supply, PC lens modules, network surveillance cameras, and sports type cameras (Sport DV).

3. The Supply, Demand, and Growth in the Market of the Future

The Company's current major products are positively related to the consumer electronics market, such as keyboards (NB, DT, Tablet), image devices (NB camera modules, sports cam, IP CAM, driving recorders, etc.), power supplies (PC, NB, server, game console), and global PCs, NBs, smart Mobile phones, game consoles, smart homes, etc. In the PC market, enterprises must update the edge of computing PC hardware equipment to response to the development of artificial intelligence (AI) and big data, so the PC shipments increase offsetting the reduced demand of PCs by consumers through smartphones. The mobile phone market is close to saturation in the tablet PC and smartphone markets, and the impact on NB continues to slow down. The results of market organization statistics show that NB compound growth in 2023 was more than 0.6%. In addition, e-sports and mobile workstations were regarded as a niche market and has become the focus of various layouts. In addition to maintaining the original PC/NB keyboard products, Chicony continues to gain benefit from the sales of these products, such as high-priced 2 in 1 devices and ultra-thin, Type-NB, e-sport keyboards, and backlit keyboard products. In terms of supply, the primary manufacturers of keyboard modules, computer cameras, and notebook computer built-in camera modules are around 2-3.

With the improvement of consumers' understanding of smart home, the hot sale of low-cost smart speaker devices, and the promotion of various smart home device tying strategies, it is estimated that the overall device shipment will reach 1.66 billion units in 2023, with a combined annual growth rate of about 17% from 2019 to 2023. In terms of device type, currently the shipment of video entertainment devices is still the highest, but the growth rate of shipment will decrease to the last of all kinds of devices. Smart speaker products ranking second in shipment have a growth rate of about 14%, which is lower than 26% of the family monitoring safety devices. It is expected that family security control products will replace smart speakers and become the second in shipment, and this is good news for the Company's monitoring camera and smart doorbell products. At present, there are about 2 to 3 major manufacturers.

In addition to the global PC and NB booms, servers and game consoles are also the primary markets for us. The Company enters the update cycle of server equipment, coupled with strong demand for cloud service providers. The global server market will grow by about 5%. In the future, due to the rapid development of AI technology, the chip industry is pursuing higher AI computing efficiency, plus that 5G commercialization is on the way, dedicated servers will be the future trend, and AI and 5G will be the driving forces of servers in the medium and long term. Despite the decline in sales volume of PS4 and XBOX, Switch Nintendo sales are still very high. In the current hardware field of video games, PCs, game consoles, and mobile phones are dominating the world. Most of the console games are high-end and for professional players. VR, haptic systems, and instant messaging performance are getting higher and higher, so the service revenue of game players is steadily growing in game software and subscription. It is estimated that the scale of game consoles will still be maintained at around 27% in 2019-2021. In terms of supply, there are currently two or three major manufacturers of power supplies in Taiwan.

Smart commercial buildings may be the future direction of IoT development, such as sensing lighting, portal security network cameras, climate control systems, thermostats, fire monitoring detectors, and other automation systems, which are expected to generate high revenues. The benefits of building and intelligent management of new products will be included in the group.

4. Competitive Niche and the Impact of Favorable Factors and Unfavorable Factors on the Future Development of the Company

(1) Competitive Niche and Favorable Factors

A. Economies of Scale Benefit

The Group manufactures and sells a wide range of products with economies of scale and industrial position. The related products are PC/NB keyboards, NB power supplies, PC lens modules, network surveillance cameras, and Sport DVs, and they have reached number one in the product markets. The sales continue growth and shape the economies of scale and also create barriers to entry for this industry.

B. Great Product Manufacturing Experience in ODM/OEM

In addition to the three primary production factories of Suzhou, Tungwan, and Chongqing in China, we have accumulated more than 30 years of experience in ODM/OEM product manufacturing and quality control. To use the information provided by EDI and ERP systems, the VMI system (supplier managed inventory system) has been strengthened. Then, we built the system of global immediate delivery with customers that help us to reduce inventory costs and increase the flexibility of delivery, preparation, and production, speed, and the customer are also satisfied with the current situation. In order to effectively improve manufacture efficiency and continuously add the automation ratio and

develop new processes, and expand the locations in Southeast Asian outside the mainland. The Company has also launched a global operation plan. In addition to the three major production bases in mainland China, the new plant in Thailand is also under construction and is expected to be completed in the third quarter of 2020. The capacity of the new plant in Thailand will account for about 20% of the overall revenue in the future.

C. Strong Customers

The primary customer base of keyboard and notebook computer built-in camera module products and power supply sold by the Company and Chicony Power Co., Ltd. are the top ten computer factories in the world, and we are also the designated assembly plant. Famous computer and system vendors are also our primary customers; sales to customers account for more than 50% of the total operating income, which can stabilize the Company's operating income and profit sources, and help to upgrade the product development level.

D. New High Value-added Products are Constantly Being Launched

In addition to continually maintaining good relationships with global electronics manufacturers, it is also committed to the development of high value-added products, and in response to the development trend of the future technology industry, the Group will integrate key technology in image, WIFI, power control, and software technology, and actively develop new products such as smart home, security control, smart speakers, AI, and the Internet of Things. In order to keep the performance and profitability of the Company continually growing, except to expand the original international sales base in the United States and Japan and also expand the domestic market for each product line in China.

E. Provide Customers for One Stop Shopping Service

The keyboards, computer cameras, and NB CAM products of the Company have the same primary customers as Chicony Power Co., Ltd. (indirect investment company). In order to save purchasing cost for customers and improve efficiency, the Company provides the One Stop Shopping service, and at the same time it can also increase operating revenue.

F. Complete Global Logistics and Supply System

In order to play the role of a complete global logistics planning system and closely maintain our relationships with customers, from 1996, the Company has installed quick delivery warehouses in the US and Europe to meet customers' needs. Because customers of ODM/OEM are increasing more and more, the Company has built many factories around the world.

G. Strong Management Team

The management team of the Company has completed academic and practical experience, focusing on the industry, the stable operation style, and have an average of more than 15 years of experience in the Company. The composition includes managers with more than 20 years of relevant experience in manufacturing, sales, management, research and development, and accounting.

H. Research and Development Center of Industry-Academia Cooperation

The Company established the "Chicony R&D Scholarship" and cooperates with the Taipei University of Technology and responds to the government-sponsored policy of integrating industry and education, and established the Taipei University of Technology R&D Center at the Taipei University of Technology. The Company cooperates with the students of the Department of Electrical Engineering and Automation by appointing engineers. Divided into a few groups, the group has the power group, electronic research group, automation and vision

research group, software development group, etc., they jointly develop, and share research resources and results with each other. In order to allow outstanding talents to join the Company, and to create a model of Taiwan's industry-university upgrades and respond to the government-sponsored industry-university policy, we participated in the ranks of the first P-TECH school of the junior college of the Ministry of Education.

(2) Unfavorable Factors and Response Strategies:

A. The sales prices of computer and digital imaging industry products have fallen because of rapid market changes, fierce competition, and falling prices.

B. The production of the China factory faces the pressure of rising labor wages and a lack of workers.

C. China's electronic component industry has a local advantage, and Chinese companies continue to upgrade technology and accelerate the construction of the supply chain.

D. The global economy is slowly recovering and affecting the terminal consumer market.

E. The traditional PC (including NB) market is already saturated and there is limited growth.

Response Strategies:

－To develop new technologies, new design abilities, and seek cooperation with more suppliers. In addition to continuously integrating the materials in the Group for common purchase, and also expanding cooperation with China suppliers to reduce the purchasing materials cost.

－In order to maintain revenue and profit, the Company continued to develop high added value products, and increased sales proportion by ourselves, and continuously expanded market share.

－In order to deal with the pressure of rising labor costs per year in China and effectively improve production efficiency, the Company has increased the automation ratio and developed new processes.

－In order to stabilize the source of supply and increase the gross profit margin, and strengthen vertical integration and to increase the ratio of self-made major components.

－The Company continues to expand its operations to maximize economies of scale.

－In order to obtain more outstanding R&D talents and enhance R&D strength, we have established a “Chicony R&D Excellence Scholarship” at the school.

－In order to reduce the impact on production, we have established a good relationship with suppliers, and maintain at least 2 or 3 suppliers for each raw material, and focus on the supplier situation at all times, and provide assistance at all times.

－In order to reduce the debt ratio of the Company's consolidated statements, save interest expenses, and increase the Company's cash flow, it is necessary to strictly control the inventory and reduce the accounts receivable and fixed assets of capital expenditure.

－To expand non-PC industry products such as game consoles, sports cameras, and camera modules for smartphones, and to actively develop the Internet of Things (IOT and virtual reality (VR)-related products, and Blue Ocean market products for the Smart Home. In order to effectively create new customers and develop

more business opportunities in the Blue Ocean market, the ratio of new products in the non-PC industry has surpassed the ratio of PC products.

－In order to make production more flexible, deliver quickly and with quality control that can meet the customer's demand, the Company strengthens the supplier management system and the customer's immediate shipping system.

(2) Primary Purpose of the Products and Production Process

1. Primary Use:

(1) Keyboard: The keyboard is an indispensable input device, and it is also the most important interface tool for people to communicate with the computer system. It is also a personal computer, a computer workstation, a test device word processor, a Chinese computer, etc.

(2) Digital Camera, Computer Camera, and Camera Module: Capture scenes and record images.

(3) Smart Home: Uses smart phones and other connected devices to enter the home market, such as smart doorbells, smart speakers, smart lights, etc.

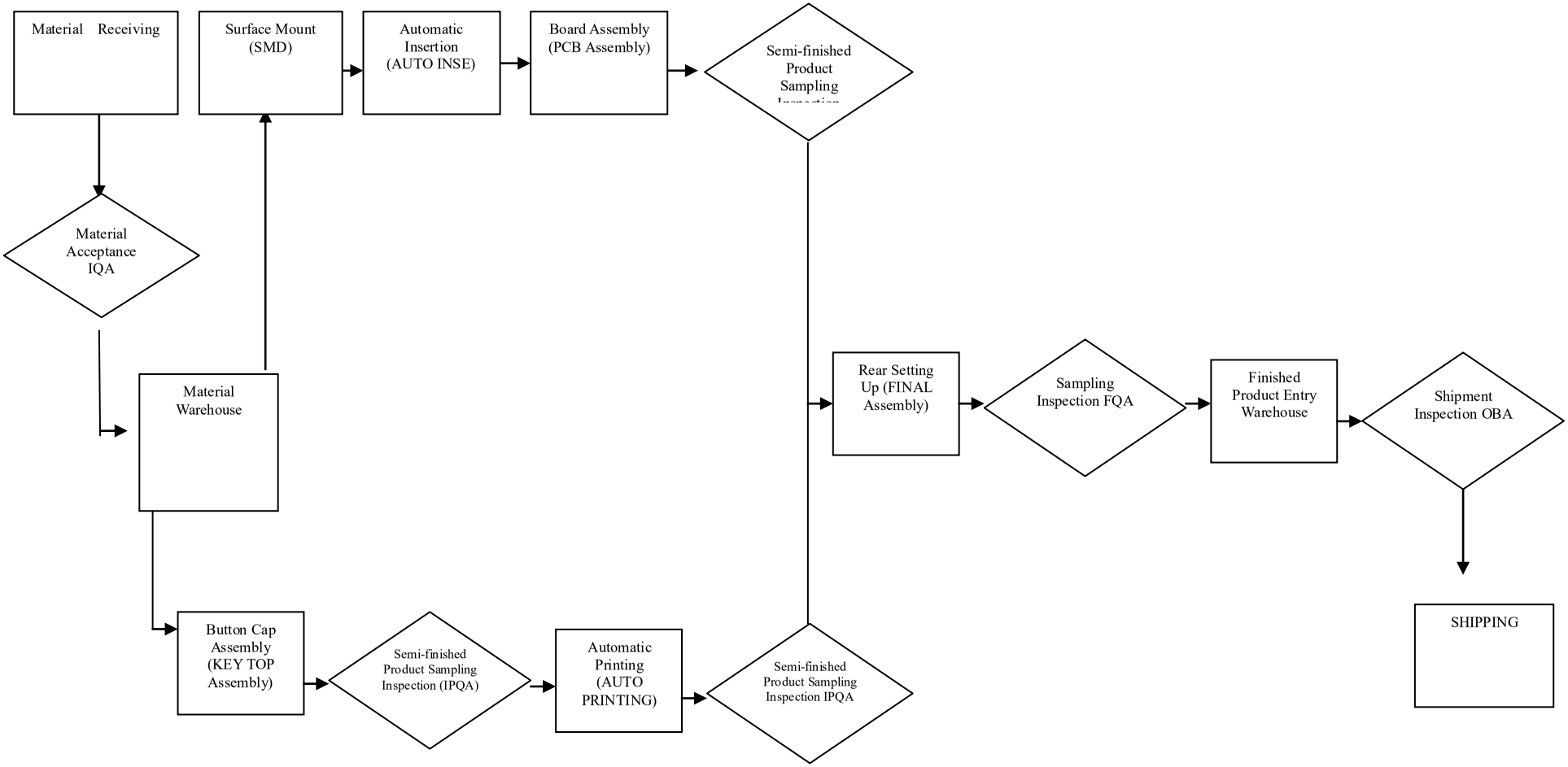
(4) Power Supply and LED Lighting Equipment:

Product	Function	Usage
PSU for desktop PCs (Desktop PC Power)	AC is a full-range 90 ~ 265 VAC voltage, converted into single or multiple sets of output, the main power outputs include 180 W, 200 W, 250 W, 300 W, 350W, 550W, 650W, 750W and 850W.	Used for desktop personal computers.
PSU for notebook computer (Adapter and PSU for gaming PC)	AC is full-range 90~265 VAC voltage, main output is 19V, 20V and greater than 75W. It includes power factor correction circuit and the output ranges from 30W to 400W etc.	Used on general notebook computers and AIO PC; those with output greater than 150W are used for notebook workstations.
PSU for game consoles	AC is full-range 90~265VAC voltage, main output is 12V. It includes power factor correction circuit and the output ranges from 100W to 500W etc.	Mainly used for game consoles.
PSU for set-top-box	Divided into built-in and external (Adapter) forms; to make it easier for repairs, they have gradually changed to the external (Adapter) in recent years. The AC is full range or 115 ranges, and the output is made according to the requirement of the set-top-box; usually under 60W.	Used on various set-top-boxes.
PSU for LED drive	AC is between 85VAC to 265VAC, or between 180VAC to 265VAC. It also provides constant power to work with the demands of numbers and brightness of LED. The new technology that AC directly drives the LED module.	Provided for use with large amounts of indoor light bulbs, linear light, ceiling light, spot lamps and outdoor streetlights and patio lights.
Inkjet printer and laser printer power system	AC is between 85VAC to 135VAC or 180VAC to 265VAC; all outputs are made according to printer requirements and they all have laser engine drivers.	Used for large laser printers with different functions.
Cloud server power system and data power system	Ultra-high power density full digital control (N+1 / N+N) redundant power system. It can be used for monitoring of input AC/output DC, which is the output of 500W~several KW. Communication PSU generally has a 48V output whereas storage/AI servers usually have 12V or 54.5V single/multiple sets of output monitoring systems.	Used for communication systems, storage devices and servers.

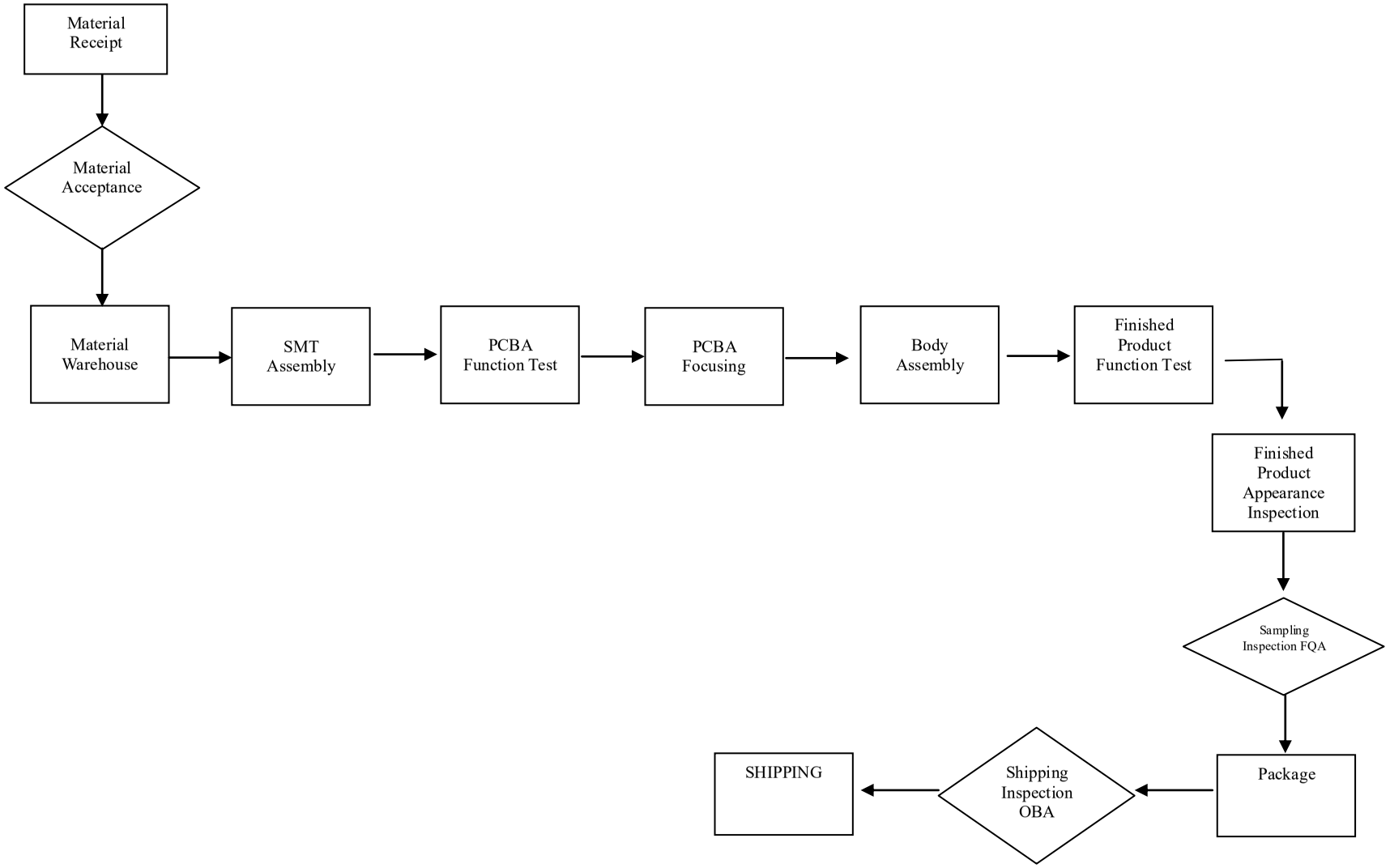
Product	Function	Usage
Charging device IOT PSU USB Type C power adapter	Charges lithium compound batteries.	Used to charge various tablet computers. Drone charging stations and charging devices for electric cars.
Industrial Tablet PC embedded power supply	AC is the full-range 85~265VAC voltage or DC is 18~32VDC voltage, the main output is 12V, 24V isolated power supply. The output power varies from 50W to 450W.	Provide various sizes of industrial touch panel computers.

2. Production Process:

(1) Keyboard

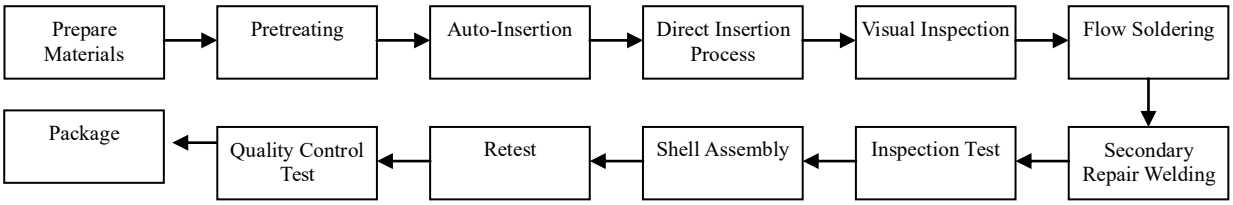


(2) Digital Camera, Computer Camera, and Camera Module:

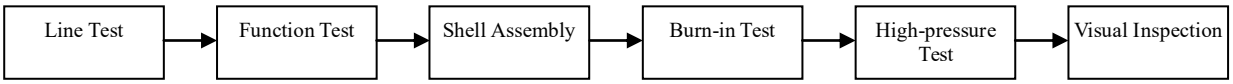


(3) Switching Power Supply (including LED drive power):

a. Production Process



b. Test Process



(3) Supply of Key Materials

In order to reduce production costs, keyboards, computer cameras, mobile phone camera modules, NB built-in camera modules, digital cameras, and cloud cameras are made by Chicony Power (Tungwan) Co., Ltd, Chicony Power (Suzhou) Co., Ltd, Mao Ray Co., Ltd. (Tungwan), and Chicony Power (Chongqing) Co., Ltd., which are the 100% indirect investment of our Company. Primary raw materials required [Keyboard: KEY TOP keycap, membrane switch rubber button, and IC integrated circuit, etc.; Digital Camera, Computer Camera, Camera Module: sensor, DSP/ASIC digital processor, LCD screen, lens, DDR memory, and flash memory, etc.,] and purchase price, etc. are set up by our Unified Purchasing Center, then subsidiaries make the order by themselves. Due to long-term strategic cooperation with our primary suppliers, we have established a good relationship with suppliers. Since most of the material manufacturers have more than two, if there is any supply and demand imbalance in the market there is no impact to our operation. It is beneficial development to the long-term of our Company.

The primary raw materials of the power supply are power lines, capacitors, fans, heat sinks, semiconductors, transformers, molded cases, printed circuit boards, insulating sheets, and sockets. In order to reduce production costs, Chicony Power (Tungwan) Co., Ltd, Chicony Power (Suzhou) Co., Ltd, and Chicony Power (Chongqing) Co., Ltd which are the indirect investment of our Company are responsible for the production of primary materials for us, and the purchasing price is set up by the Company strategic procurement department, then Chicony Power International Inc. and subsidiaries make the order by themselves. Since there are more than two material manufacturers for most of the materials, and we have a good relationship with suppliers, and the source and quality are stable, so there is no impact to our operation.

(4) The names of the customers accounting for more than 10% of the total purchase (sales) in any of the last two years, and the amount of purchase (sale) in proportion to total purchase (sales), and the reasons for the changes, if applicable:

1. Key Supplier Information

Key Supplier Information in the Consolidated Financial Reports (names of the customers accounting for more than 10% of the total purchase in any of the last two years):

None

2. Key Customers Information

Key Customers Information in the Consolidated Financial Reports (names of the customers accounting for more than 10% of the total net sale in any of the last two years)

Unit：Thousand NT$

	2018				2019				1Q 2020			
Item	Name	Amount	Ratio of net sales of the whole year (%)	Relation ship with the issuer	Name	Amount	Ratio of net sales of the whole year (%)	Relation ship with the issuer	Name	Amount	Ratio of net sales of the whole year (%)	Relationship with the issuer
1					Client A (Note 1)	10,440,897	11	None	Client B (Note 1)	2,262,825	12	None
2	Others	87,260,406	100		Others	82,111,428	89		Others	15,847,394	88	
Total	Net Sales	87,260,406	100		Net Sales	92,552,325	100		Net Sales	19,110,219	100	

Note：Explanation of the reason of the changes for trade debtors

1. The products sold to client A and B meet the market demand, so the amount of sales increased.

(5) Production Volume Table

Unit: Thousand Unit/NT$ 1,000

Year	2018					2019				
Production Volume and Value / Premium Products	Production Capacity	Production Volume	Production Value	Purchasing Volume	Purchasing Value	Production Capacity	Production Volume	Production Value	Purchasing Volume	Purchasing Value
Electronic Parts and Components	354,504	261,979	42,036,718	-	-	348,529	270,231	43,701,147	-	-
Consumer and Other Electronic Products	144,857	145,505	49,365,125	2,878	1,948,355	140,873	134,451	48,346,597	3,457	2,054,184
Others	32	1,957	226,355	-		32	235	148,738	-	
Total			91,628,198		1,948,355			92,196,482		2,054,184

(6) Sales Volume Table

Unit: Thousand Unit/ NT$ 1,000

Year	2018 (Note 1)				2019 (Note 2)			
Sales Volume and Value	Domestic Sale		Export Sales		Domestic Sale		Export Sales	
Premium Products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electronic Parts and Components	15,837	2,920,295	159,367	38,989,634	15,199	3,424,175	157,612	42,242,507
Consumer and Other Electronic Products	5,198	3,678,705	84,639	40,892,720	5,324	3,249,456	80,476	42,765,841
Other	1	498,286	3	280,766	0	541,220	3	329,126
Total		7,097,286		80,163,120		7,214,851		85,337,474

Note 1: The consolidated operating revenue for 2018 is NT$87,260,406 thousand.

2: The consolidated operating revenue for 2019 is NT$92,552,325 thousand.

3. Number of Employees, Average Years of Service, Average Age, and Education Distribution

Taiwan Employee Data During the Past Two Years and Up to March 31, 2020 [Consolidation]

Year		2018	2019	3/31/2020
Number of Employees	Direct Staff	25,523	22,123	24,737
	Indirect Staff	5,294	5,474	5,502
	Total	30,817	27,597	30,239
Average Age		29.59	30.01	32.94
Average Years of Service		2.62	3.31	3.88
Education Distribution (%)	PhD	0.05	0.06	0.06
	Master's Degree	2.05	2.47	2.38
	University	11.38	13.01	11.83
	Senior High School	23.96	23.59	25.45
	Senior High School and Below	62.56	60.86	60.28

4. Information on environmental protection spending

(I) Losses Caused by Environmental Pollution in recent 2 years and up to the date of printing of this Annual Report: None.

(II) Response Strategies:

The Company's primary products are the research and development, manufacturing, and sales of computer peripherals. Therefore, there is no pollution problem. The overseas production location has purchased inspection equipment for ICP-inspectable materials, perform related personnel training, and have acquired the local government certification, so the Company has complied with the Restriction of Hazardous Substances (RoHS) by EU since July 2006. The Company has also imported related control software systems to ensure related control operations.

As of March 31, 2020, the raw materials required for the manufacture of our products have adopted the international environmental standards and to meet customer requirements.

Our Company thinks the maintenance of environmental quality, and the implementation of safety and sanitation work in various production factories are very important, and continues to strengthen the environmental quality and protection of employee's health. In the spirit of entrepreneurial social responsibility, the Company focuses on environmental protection. In order to improve the overall image of the Company, the Suzhou factory has a dedicated unit responsible for the project, and promoting the product process wastewater recycling system.

(III) Sizable Expenditures for Environmental Protection Expected in the Future: None.

5. Labor Relations

(I) Employee Benefit Policy:

1. In addition to the labor law and related laws and regulations, the Company's employee welfare includes group insurance (including life insurance, medical insurance, anti-cancer insurance, accident medical insurance, and accident insurance), regular health checks, education and training subsidies, and emergency counseling. Because of the above welfare, employees will commit more for the Company.
2. The Company established the Employee Welfare Committee based on the employee welfare law. The Company regularly holds domestic and foreign travel, community activities, and birthday parties, it regularly issues birthday and annual vouchers, and urgent for employees, work-related injury, marriage, funeral, sickness, and birth allowances are also given.
3. In order to adjust the employees' condition in mind and body and establish the employees' centripetal force to the Company, we regularly hold various employee networking activities.
4. The Company provides related training in the profession, management, and languages, etc. for employees.

(II) Continuing Education and Training for the Employees:

In order to develop the working ability of employees, the Company cultivates professional knowledge and skills for employees and increases work efficiency by establishing management methods. The methods can also allow employees to ensure the quality of work and to achieve the Company's goal of sustainable business and development. In addition to new staff education and training, newcomers can quickly integrate into the organization team. The department heads and employees can also organize whole Company departmental training courses, seminars, etc. to meet the needs of the Company's internal and external environmental trends, and to strengthen and

enhance the professional competence and core competitiveness of employees by training and study channels.

(III) Retirement System and Implementation Status:

1. The Company appropriates 2% of the total salary as pension and stores it in the Taiwan Bank Labor Retirement Reserve account of the Company, and the Company recognizes pension expenses as the net refund cost base on the actuary assessment report every month; In July 2005, the Company performed and compiled the “Labor Pension Act”, and the Company appropriates 6% to the personal accounts of the employees supervised by the Labor Insurance Bureau based on the employees choice new system.
2. The standard of pension application and the method of payment shall be processed in accordance with the provisions of the Law on Labor and the new system of retiring.

(IV) Important Agreement Between Labor and Management:

The rights and obligations of both employers and employees are processed based on the Company's working rules and personnel administrative rules and regulations. (The work rules of the Company and the personnel administrative rules and regulations are based on the labor law and related laws and regulations, and the work rules have been reported to the local authorities.)

(V) Status of Various Employees Rights of Maintenance Measures:

The Company has established relevant management measures and systems, and clearly defined employee rights, obligations, and welfare items, and regularly reviews and revises relevant measures and systems to maintain the rights and benefits for all employees.

(VI) Since the establishment of the Company on February 22, 1983, the Company has maintained a harmonious relationship with employees, so there is no loss caused by labor disputes. In order to maintain a harmonious relationship with employees, the management of the Company is very concerned with the smooth communication between the employer and the employee, and implements a humanized management system. The Company performs the concept of respect, trust, quality, and innovation, and implements the advancement of quality, and the development of new products. The Company's team is fully committed to achieving the organization's and the Company's operational goals to create a better future.

(VII)Net Losses Suffered by the Company (including affiliated enterprises) Due to Labor Disputes from 2019 to March 31, 2020, and that it May Suffer in the Future: None.

6. Vital contracts

Number	Nature of the Contracts	Contracting Parties	Term of the Contracts	Principal Content	Restriction Clause
1	Bank Credit Contract	E.SUN.BANK Co., Ltd.	11/1/2018-11/1/2023 5-year Period	NT$2 Billion Medium-term Guarantee Loan Quota	The collateral is set as 14F-25F., No. 69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
2	Bank Credit Contract	LAND BANK OF TAIWAN CO., LTD.	From December 28, 2018 to December 28, 2023 5-year Period	NT$1 Billion Medium-term Guarantee Loan Quota	The collateral is set as 8F-13F., No.69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
3	Bank Credit Contract	HUN NAN BANK CO., LTD.	From December 28, 2018 to December 28, 2023 5-year Period	NT$1 Billion Medium-term Guarantee Loan Quota	The collateral is set as 2F-7F., No.69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
4	Joint Credit Contract (Note)	TAIWAN COOPERATIVE BANK CO., LTD. First Bank CO., LTD. E.SUN.BANK Co., Ltd. CHANG HWA BANK CO., LTD. LAND BANK OF TAIWAN CO., LTD. HUN NAN BANK CO., LTD. BANK OF TAIWAN CO., LTD. Taipei Branch of Bangkok Bank Co., Ltd. Mega Bank Co., Ltd. TAIWAN BUSINESS BANK CO., LTD. Yuanta Bank Co., Ltd. Taipei Fubon Bank Co., Ltd. Shin Kong Bank Co., Ltd. Far Eastern International Bank Co., Ltd.	From the date of first use to the expiration of five years. Date of Signing the Contract: October 30, 2015 Date of First Use: January 20, 2016	The credit quota is equivalent to NT$4.5 billion, which is used cyclically. The portion of the qualified account receivables of the Company shall be transferred to the management bank from the date of signing the joint credit contract, and the balance of the eligible account receivables plus the designated special account shall exceed 50% of the total amount of the credit granted.	Financial Ratio of the Original Commitment that Should be Maintained:
5	Sales Contract (Note)	Company A	This contract is effective for the Company from June 1, 2009. This contract remains in continual effect if one party fails to notify the other party in writing of the termination of the contract by 90 days before the scheduled termination date.	The requirements and details of the purchase of the Company's products are listed in the contract and in the attachment.	Contract Content Confidential by Contract
6	Independent Contractor (Note)	Suzhou Weiye Group Construction Development Co., Ltd.	12.28.2018 - End of Warranty Responsibility	Regarding engineering-related rights and obligations, the Company signed this contract, and performed related projects by handing over the “New Construction Project of Wujiang Economic Development Zone in Suzhou City, Jiangsu Province” to Suzhou Weiye Group Construction Development Co., Ltd.	-

Note: Contracts 4-6 were signed by Chicony Power Technology Co., Ltd. [stock code 6412], which is a direct investment of 50.71% by the Company.

VII.Financial Highlights

1. Most Recent 5-Year Concise Financial Information

(I) 1. Concise Consolidated Balance Sheet

Unit: NT$ 1,000

Item \ Year		Most Recent 5-Year Concise Financial Information (Note 1)					Financial information from the Current Year to March 31, 2020
		2015	2016	2017	2018	2019	
Current Assets		36,417,796	39,822,492	43,470,794	46,422,143	47,180,486	39,445,464
Property, Plant, and Equipment (Note 2)		15,461,482	13,495,266	13,554,882	12,371,429	12,821,680	12,698,911
Intangible Assets		263,118	255,143	249,404	233,688	142,341	144,657
Other Assets (Note 3)		6,827,699	10,724,875	10,179,300	9,904,648	11,299,750	10,075,016
Total Assets		58,970,095	64,297,776	67,454,380	68,931,908	71,444,257	62,364,048
Current Liabilities	Before Distribution	30,223,111	33,064,768	36,873,474	39,182,202	38,242,738	35,378,802
	After Distribution	33,249,494	36,100,321	40,095,158	41,949,060	42,605,554	(Note 4)
Non-current Liabilities		2,632,556	2,708,075	2,305,511	1,568,182	1,307,492	1,088,091
Total Liabilities	Before Distribution	32,855,667	35,772,843	39,178,985	40,750,384	39,550,230	36,466,893
	After Distribution	35,882,050	38,808,396	42,400,669	43,517,242	43,913,046	(Note 4)
Shareholders Equity Attributable to the Parent Company		22,278,297	24,159,007	23,793,637	24,078,155	27,268,375	22,037,580
Capital Stock		7,038,101	7,120,820	7,206,051	7,303,799	7,344,975	7,344,975
Additional Paid-in Capital		4,090,426	4,629,152	5,136,660	5,633,933	6,114,005	6,111,348
Retained Earnings	Before Distribution	12,416,132	12,862,540	13,792,778	14,934,034	17,452,333	13,129,655
	After Distribution	9,354,558	9,791,275	10,534,895	12,167,176	13,089,517	(Note 4)
Other Equity		(955,085)	63,660	(1,824,687)	(3,065,027)	(3,331,661)	(4,237,121)
Treasure Shares		(311,277)	(517,165)	(517,165)	(728,584)	(311,277)	(311,277)
Uncontrolled Equity		3,836,131	4,365,926	4,481,758	4,103,369	4,625,652	3,859,575
Total Equity	Before Distribution	26,114,428	28,524,933	28,275,395	28,181,524	31,894,027	25,897,155
	After Distribution	23,052,854	25,453,668	25,017,512	25,414,666	27,531,211	(Note 4)

Note 1: The financial information of each of the above years is audited by the CPA; the first quarter of 2020 is the reviewed amount by the CPA.

Note 2: The asset revaluation has not been processed in each of the above years.

Note 3: Assets revaluation has not been processed in 2015.

From 2016 to 2019: Investment Property is recognized by the acquisition cost, and the subsequent measurement uses the fair value model. The gains or losses from changes in the fair value of the investment property are recognized in profit or loss in the period in which they happen.

Note 4: For the above-mentioned distribution figures, from 2015 to 2018 they are in turn filled in according to the resolutions of the annual shareholders' meeting; the 2019 cash dividend distribution is filled in according to the resolution of the board of directors on March 10,

2020; there is no earnings distribution plan adopted by the board of directors or the shareholders' meeting in the first quarter of 2020.

(I) 2. Separate Condensed Balance Sheet:

Unit: NT$ 1,000

Item \ Year		Most Recent 5-Year Concise Financial Information (Note 1)				
		2015	2016	2017	2018	2019
Current Assets		11,328,075	10,607,153	10,621,312	10,612,030	11,924,370
Property, Plant, and Equipment (Note 2)		5,445,330	3,062,806	3,298,479	1,968,170	1,930,484
Intangible Assets		22,031	21,474	21,027	18,179	14,676
Other Assets (Note 3)		30,317,660	36,416,022	35,369,493	39,819,737	43,316,287
Total Assets		47,113,096	50,107,455	49,310,311	52,418,116	57,185,817
Current Liabilities	Before Distribution	23,038,870	23,965,858	24,230,229	27,348,158	28,710,117
	After Distribution	26,065,253	27,001,411	27,451,913	30,115,016	33,072,933
Non-current Liabilities		1,795,929	1,982,590	1,286,445	991,803	1,207,325
Total Liabilities	Before Distribution	24,834,799	25,948,448	25,516,674	28,339,961	29,917,442
	After Distribution	27,861,182	28,984,001	28,738,358	31,106,819	34,280,258
Shareholders Equity Attributable to the Parent Company		22,278,297	24,159,007	23,793,637	24,078,155	27,268,375
Capital Stock		7,038,101	7,120,820	7,206,051	7,303,799	7,344,975
Additional Paid-in Capital		4,090,426	4,629,152	5,136,660	5,633,933	6,114,005
Retained Earnings	Before Distribution	12,416,132	12,862,540	13,792,778	14,934,034	17,452,333
	After Distribution	9,354,558	9,791,275	10,534,895	12,167,176	13,089,517
Other Equity		(955,085)	63,660	(1,824,687)	(3,065,027)	(3,331,661)
Treasure Shares		(311,277)	(517,165)	(517,165)	(728,584)	(311,277)
Uncontrolled Equity		-	-	-	-	-
Total Equity	Before Distribution	22,278,297	24,159,007	23,793,637	24,078,155	27,268,375
	After Distribution	19,216,723	21,087,742	20,535,754	21,311,297	22,905,559

Note 1: The financial information of each of the above years is audited by the CPA.

Note 2: The asset revaluation has not been processed in each of the above years.

Note 3: Assets revaluation has not been processed in 2015.

From 2016 to 2019: Investment Property is recognized by the acquisition cost and the subsequent measurement uses the fair value model. The gains or losses arising from changes in the fair value of investment property are recognized as losses or benefits in the period when it happens.

Note 4: For the above-mentioned distribution figures, from 2015 to 2018 they are in turn filled in according to the resolutions of the annual shareholders' meeting; the 2019 cash dividend distribution is filled in according to the resolution of the board of directors on March 10, 2020.

(Ⅱ) 1. Concise Consolidated Comprehensive Income Statement

Unit: NT$ 1,000 (Except for the unit of earnings per share, which is "dollars")

Year / Item	Most Recent 5-Year Financial Information (Note) [reasons and conditions of correction or restatement must be described]					Financial information from the Current Year to March 31, 2020
	2015	2016	2017	2018	2019	
Operating Revenue	80,663,369	77,018,060	78,155,686	87,260,406	92,552,325	18,110,219
Gross Profit	12,251,817	13,517,449	13,454,337	12,616,764	16,281,488	2,813,739
Operating Income	4,605,263	5,028,077	4,569,330	4,649,536	6,269,465	1,285,653
Non-operating Income and Expenses	614,476	331,284	1,520,689	385,936	1,919,271	(1,163,004)
Earnings Before Taxation	5,219,739	5,359,361	6,090,019	5,035,472	8,188,736	122,649
Net Income of Continued Operations	5,219,739	5,359,361	6,090,019	5,035,472	8,188,736	122,649
Loss From Discontinued Operations (value after deducting income tax)	-	-	-	-	-	-
Net Income (loss) in Current Period	4,393,240	4,309,071	4,872,216	3,978,909	6,802,752	78,980
Other Comprehensive Income in Current Period (net income)	(970,589)	979,506	(2,403,270)	(517,092)	(886,943)	(964,115)
Total Comprehensive Income in Current Period	3,422,651	5,288,577	2,468,946	3,461,817	5,915,809	(885,135)
Net Income Attributable to Shareholders of the Parent Company	3,761,498	3,531,068	4,021,529	3,590,711	5,838,817	40,137
Net Income Attributable to Uncontrolled Equity	631,742	778,003	850,687	388,198	963,935	38,843
Total Comprehensive Income Attributable to the Parent Company	2,836,580	4,526,727	2,113,156	3,203,987	5,018,523	(865,323)
Comprehensive Income Attributable to Uncontrolled Equity	586,071	761,850	355,790	257,830	897,286	(19,812)
Earnings per Share	5.63	5.21	5.89	5.22	8.45	0.06

Note: The above annual financial information is audited by the CPA; the first quarter of 2020 is the reviewed amounts of the CPA.

(Ⅱ) 2.Separate Condensed Comprehensive Income Statement

Unit: NT$ 1,000 (Except for the unit of earnings per share, which is “dollars”)

Year / Item	Most Recent 5-Year Financial Information (Note) [reasons and conditions of correction or restatement must be described]				
	2015	2016	2017	2018	2019
Operating Revenue	33,498,853	24,819,362	23,309,518	24,501,048	28,369,842
Gross Profit	3,526,181	4,317,560	4,136,135	4,172,651	5,344,693
Operating Income	1,069,916	1,488,756	1,147,835	1,011,352	1,600,928
Non-operating Income and Expenses	2,907,946	2,326,485	3,387,272	2,729,615	4,650,814
Earnings Before Taxation	3,977,862	3,815,241	4,535,107	3,740,967	6,251,742
Net Income of Continued Operations	3,977,862	3,815,241	4,535,107	3,740,967	6,251,742
Discontinued Operation Loss (value after deducting income tax)	-	-	-	-	-
Net Income (loss) in Current Period	3,761,498	3,531,068	4,021,529	3,590,711	5,838,817
Other Comprehensive Income in Current Period (net income)	(924,918)	995,659	(1,908,373)	(386,724)	(820,294)
Total Comprehensive Income in Current Period	2,836,580	4,526,727	2,113,156	3,203,987	5,018,523
Net Income Attributable to Shareholders of the Parent Company	3,761,498	3,531,068	4,021,529	3,590,711	5,838,817
Net Income Attributable to Uncontrolled Equity	-	-	-	-	-
Total Comprehensive Income Attributable to the Parent Company	2,836,580	4,526,727	2,113,156	3,203,987	5,018,523
Comprehensive Income Attributable to Uncontrolled Equity	-	-	-	-	-
Earnings per Share	5.63	5.21	5.89	5.22	8.45

Note 1: The financial information of each of the above years is audited by the CPA.

(Ⅲ) Audit Situation for the CPA

Name of the CPA and Audit Comments in the Past Five Years

Year	Name of CPA	Audit Opinions
2015	Wang, Hui-Hsien/Lin, Chun-Yao	Modified Unqualified Opinions
2016	Wang, Hui-Hsien/Lin, Chun-Yao	Unqualified Opinions
2017	Lin, Chun-Yao/Weng, Shih-Jung	Unqualified Opinions
2018	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions
2019	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions

Change of the CPA in the Most Recent Five Years:

Due to internal organization restructuring in PricewaterhouseCoopers Accounting Firm, the Firm has replaced Chun Yao Lin CPA and Hui Hsien Wang CPA with Chin Chang Chen CPA and Weng Shirong CPA for fiscal year 2017; For fiscal year 2018, the Firm replaced Chun Yao Lin CPA and Shih Jung Weng CPA with Shih Jung Weng CPA and Chin Chang Chen CPA.

2. Financial Analysis of the Recent 5 years

(1) 1. The Financial Ratio Analysis of Consolidated Financial Statements (if there is a stand-alone financial report, the financial ratio analysis of stand-alone financial statement should be edited)

Analytical Item \ Year		Most Recent 5-Year Financial Analysis (Note 1) (one season before the date of printing)							As of this year of March 31, 2020 (Note 1)
		2015	2016	2017	2018	2019	Change in 2019 Compared to 2018 %	Description of Reason	
Financial Structure	Liabilities to Assets Ratio (%)	55.72	55.64	58.08	59.12	55.36	-6.36		58.47
	Long-term Capital to Property, Plant and Equipment Ratio (%)	161.12	199.09	192.54	207.30	222.87	7.51		182.11
Ability to Repay Debts	Current Ratio (%)	120.50	120.44	117.89	118.48	123.37	4.13		111.49
	Quick Ratio (%)	85.66	85.03	80.16	70.94	83.34	17.49		72.11
	Debt Service Coverage Ratio	69.49	69.72	59.17	36.20	67.50	86.45	1	8.55
Utility	A/R Turnover (times)	4.30	4.04	4.04	4.68	4.77	1.90		4.02
	Average Days of Payment Collection	85	90	90	78	77	-1.86		91
	Inventory Turnover (times) (Note 9)	6.10	5.70	5.09	4.90	4.84	- 1.17		4.25
	A/P Turnover (Times)	3.51	3.16	3.05	3.35	3.23	-3.47		2.84
	Average Days of Sale	60	64	72	75	75	1.18		86
	Property, Plants, and Equipment Turnover (times)	5.43	5.31	5.77	6.72	7.33	9.12		5.66
	Total Assets Turnover (times)	1.39	1.25	1.18	1.28	1.32	3.02		1.08
Profitability	ROA (%)	6.60	5.83	6.24	5.43	8.46	55.69	2	0.32
	ROE (%)	16.94	15.21	16.77	15.00	22.74	51.60	3	0.65
	EBIT to Paid-in Capital Ratio (%) (note 7)	74.16	75.26	84.51	68.94	111.49	61.71	4	6.68
	Net Profit Margin (%)	4.67	4.58	5.15	4.11	6.31	53.31	5	0.22
	Earnings per Share (NTD)	5.63	5.21	5.89	5.22	8.45	61.95	6	0.06
Cash Flows	Cash Flow Ratio (%)	27.47	23.60	17.19	16.67	28.92	73.46	7	N/A
	Cash Flow Adequacy Ratio (%)	103.41	115.77	110.74	101.31	114.32	12.84		N/A
	Cash Reinvestment Ratio (%)	14.43	14.00	9.80	9.73	21.79	123.83	8	N/A
Leverage	Operational Leverage	3.85	3.63	3.84	3.90	3.28	-15.98		3.45
	Financial Leverage	1.02	1.02	1.02	1.03	1.02	-1.13		1.01

Please describe the reasons for the changes in the financial ratios in the recent two years.
(Exempt from analysis if the increase or decrease of change is less than 20%)

In 2019, the increase or decrease from 2018 was more than 20%, as described below:

1. The decrease in interest expense is mainly due to an increase in net profit before tax and a decrease in average loan amount in the current period.
2. The main reason is an increase in profit of this year, resulting in an increase in the return on assets compared with last year.
3. The main reason is an increase in profit of this year, resulting in an increase in the return on shareholders' equity compared with last year.
4. The main reason is an increase in profit of this year, resulting in an increase in the ratio of operating profit to paid-in capital and the ratio of pre-tax net profit to paid-in capital compared with last year.
5. The main reason is an increase in profit of this year, resulting in an increase in the net profit ratio compared with last year.
6. The main reason is an increase in profit in this year, resulting in an increase in earnings per share compared with last year.
7. The main reason is a higher cash flow of operating activities than that of the previous period, resulting in a higher cash flow ratio than that of the same period last year.
8. The main reason is a higher cash flow of operating activities than that of the previous period, resulting in a higher cash reinvestment ratio than that of the same period last year.

Note 1: The financial information of each of the above years is audited by the CPA; the first quarter of 2020 is the reviewed amount by the CPA.

Note 2: The calculated formula of the important financial ratios in the above table: same as (I) 2. Note 2.

Note 3: The calculated formula of the earnings per share mentioned above should be specially considered when measuring the use of this formula: same as (1I) 2. Note 3.

Note 4: The special considerations for measuring the use of cash flow analysis are as follows: same as (I) 2. Note 4.

(1) 2. The Financial Ratio Analysis of Stand-alone Financial Statements (if there is a stand-alone financial report, the financial ratio analysis of stand-alone financial statement should be edited)

Analytical Item \ Year		Most Recent 5-Year Financial Analysis (Note 1)						
		2015	2016	2017	2018	2019	Change in 2019 Compared to 2018 %	Description of Reason
Financial Structure	Liabilities to Assets Ratio (%)	52.71	51.79	51.75	54.07	52.32	-3.24	
	Long-term Capital to Property, Plant and Equipment Ratio (%)	442.11	853.52	760.35	1,273.77	1,475.05	15.80	
Ability to Repay Debts	Current Ratio (%)	49.17	44.26	43.83	38.80	41.53	7.04	
	Quick Ratio (%)	43.22	39.13	38.74	32.89	35.87	9.04	
	Debt Service Coverage Ratio	150.24	552.02	163.95	88.51	161.32	82.27	1
Utility	A/R Turnover (times)	5.51	4.61	4.57	6.12	7.41	21.06	2
	Average Days of Payment Collection	66	79	80	60	49	-17.40	
	Inventory Turnover (times) (Note 9)	22.89	14.84	15.00	14.13	14.41	1.97	
	A/P Turnover (Times)	1.82	1.14	1.07	1.08	1.06	-2.33	
	Average Days of Sale	16	25	24	26	25	-1.93	
	Property, Plants, and Equipment Turnover (times)	6.60	5.67	7.11	8.89	14.12	58.91	3
	Total Assets Turnover (times)	0.72	0.50	0.46	0.46	0.50	9.18	
Profitability	ROA (%)	8.26	7.28	8.14	7.13	10.71	50.30	4
	ROE (%)	16.94	15.21	16.77	15.00	22.74	51.60	5
	EBIT to Paid-in Capital Ratio (%)	56.52	53.58	62.93	51.22	85.12	66.18	6
	Net Profit Margin (%)	11.41	14.64	17.78	14.66	20.58	40.43	7
	Earnings per Share (NTD)	5.63	5.21	5.89	5.22	8.45	61.95	8
Cash Flows	Cash Flow Ratio (%)	24.45	10.63	8.87	19.08	18.96	-0.61	
	Cash Flow Adequacy Ratio (%)	112.11	106.07	89.89	93.81	111.41	18.76	
	Cash Reinvestment Ratio (%)	10.47	-2.57	-4.99	12.41	14.06	13.26	
Leverage	Operational Leverage	1.77	1.61	1.70	2.04	1.91	-6.43	
	Financial Leverage	1.03	1.00	1.02	1.04	1.02	-1.84	

Please describe the reasons for the changes in the financial ratios in the recent two years. (Exempt from analysis if the increase or decrease of change is less than 20%)
In 2019, the increase or decrease from 2018 was more than 20%, as described below:

1. The main reason is an increase in net profit before tax and a decrease in average loan amount in the current period, resulting in a decrease in interest expense.
2. The main reason is an increase in operating income in the current period.
3. The main reason is an increase in operating income in the current period.
4. The main reason is an increase in profit of this year, resulting in an increase in the return on assets compared with last year.
5. The main reason is an increase in profit of this year, resulting in an increase in the return on shareholders' equity compared with last year.
6. The main reason is an increase in profit of this year, resulting in an increase in the ratio of operating profit to paid-in capital and the ratio of pre-tax net profit to paid-in capital compared with last year.
7. The main reason is an increase in profit of this year, resulting in an increase in the net profit ratio compared with last year.
8. The main reason is an increase in profit of this year, resulting in an increase in the earnings per share compared with last year.

Note 1: The financial information of each of the above years is audited by the CPA.

Note 2: The calculated formula of the important financial ratios in the above table, listed below:

1. Financial Structure
   (1) Liabilities to assets 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. Ability to Repay Debts
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets – inventory – prepayments)/current liabilities.
   (3) Debt service coverage ratio = EBIT/interest expense in current period.
3. Utility
   (1) Receivables turnover (including account receivables and note receivables from operation) = net sale/the balance of average receivables in each period including account receivables and note receivables from operation.
   (2) Average days of payment collection = 365/receivable turnover.
   (3) Inventory turnover = cost of goods sold/average inventory.
   (4) Payables turnover (including account payables and note payables from operation) = net sale/the balance of average payables in each period including account payables and note payables from operation.
   (5) Average days of sale = 365/inventory turnover.
   (6) Property, plant, and equipment turnover = net sale/net average property, plant, and equipment.
   (7) Total assets turnover = net sale/total average assets.
4. Profitability
   (1) Return on Assets (ROA) = [net income + interest expense x (1 – tax rate)]/average total assets.
   (2) Return on Equity (ROE) = net income/total average equity.
   (3) Net profit rate = net income/net sales.
   (4) Earnings per share = (income attributable to the shareholders of the parent company – dividend of preferred shares)/weighted average quantity of outstanding shares. (Note 3)
5. Cash Flows
   (1) Cash flow ratio = net cash flows from operation/current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years/(capital expenditures + increase in inventory + cash dividend) in the last 5 years.
   (3) Cash reinvestment ration = (net cash flow from operation – cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capital). (Note 4)
6. Leverage:
   (1) Operational leverage = (net operating income – variable operating cost and expense)/operating income (Note 5).
   (2) Financial leverage = operating income/(operating income – interest expenses).

Note 3: Pay attention to the following in measurement with the aforementioned equation of the earnings per share in the calculation:

1. Based on the weighted average quantity of common shares, not the outstanding quantity of shares at the end of the year.
2. Consider the period of circulation for transactions with the offering of new shares for raising capital or repurchase of treasury shares in the calculation of the weighted average quantity

of outstanding shares.

3. If there is capitalization of retained earnings or capitalization of additional paid-in capital into new shares, make adjustment in the calculation of earnings per share of the previous year and on semi-annual basis in retrospect of the increase in the size of capital irrespective of the period of capitalization.
4. If the preferred shares are unconvertible accumulative preferred shares, the dividend of the year (released or not) shall be deducted from net income, or added to net loss after tax. If the preferred shares are not accumulative, and there is the net income, dividends for preferred shares shall be deducted from net income. If there is net loss, no adjustment is necessary.

Note 4: Pay attention to the following in the measurement of cash flow in the analysis:

1. Net cash flow from operation is the net cash inflow from operation as presented in the statement of cash flows.
2. Capital expenditure shall be the cash outflow from annual capital investment.
3. The increase of inventory is only included in the calculation when the balance at the ending of the period is greater than the balance at the beginning of the period. If there is a decrease of inventory at year end, calculate on the basis of zero.
4. Cash dividends include the cash dividends for common shares and preferred shares.
5. Gross property, plant, and equipment are the total property, plant, and equipment before accumulated depreciations.

Note 5: Issuers shall classify operating costs and expenses by purpose of use as fixed or variable. If estimation or subjective judgment is involved, make sure it is rational and consistent.

Note 6: If the stock issued by the Company bears no face value, or the face value is not NT$10/share, the calculation of the aforementioned ratio to paid-in capital shall be based on the ratio of the equity attributable to the parent company of the balance sheet.

3. 2019 Financial Report: The Audit Committee's Review Report

Chicony Electronics CO., Ltd.

The Audit Committee's Review Report

We hereby confirm

The Board of Directors of Chicony Electronics Co., Ltd prepared and presented the 2019 business report, consolidated financial statements and individual financial statements, and the statement of retained earnings. The financial statements were audited by the PwC Taiwan, appointed by Board, and an independent auditor's report was issued by it.

The Audit Committee has audited the above-mentioned reports that were composed and presented by the Board of Directors. They have been audited and it is concluded the reports are presented fairly according to Corporate Law and other related regulation; therefore, a Supervisor's Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Company Law Article 219.

For your review

To

Shareholders' Meeting 2020

Convener of the Audit Committee: Lee, Yen-Sung

March 10, 2020

4.Consolidated Financial Report Audited by the CPA in 2019

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHICONY ELECTRONICS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of Chicony Electronics Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to "Other matter" section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Appropriateness of warehouse operating revenue cut-off

Description

Refer to Notes 4(32) and 6(25) for policies on revenue recognition and details of revenue.

The Group's revenue arises from sales of goods, consisting mainly of factory direct shipment and warehouse sales revenue. Warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The Group's warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we determine the warehouse sales revenue cut off as one of the key areas of focus for this fiscal year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Evaluated the internal controls for regular reconciliation between the Group and its warehouse custodians.
2. Performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group's accounting records.
3. Conducted warehouse inventory audit by using physical counts or using confirmation letters to validate inventory balances with the warehouse custodians.

Valuation of inventory

Description

Refer to Notes 4(12), 5(2) and 6(7) for the description of accounting policy, critical accounting estimates, uncertainty of assumptions and details of accounts.

The Group's main inventories are keyboard, power supplies, camera modules and other electronic products. The prices of such inventories are affected by market demand and the rapid technological changes. Therefore, there is higher risk of market decline. As the assessment of net realisable value of inventories is subject to management judgement, we consider the valuation of inventory as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed whether the Group's accounting policies comply with the relevant standards and the Group's industry practice and the reasonableness of management's evaluation process, including the determination of net realisable value of inventories, the sales expenses and the judgement of obsolete inventories. Checked whether the provision policies were consistently adopted in the reporting periods.
2. Obtained net realisable value statement of inventories to confirm whether the calculation logic was adopted consistently, and tested the data sources of selected samples which includes inventory price or purchase price to verify whether the net realisable value used by the management was in compliance with its policies, and recalculated the accuracy of allowance for inventory valuation losses.

Other matter - Audit by other auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method, which statements reflect total assets (including investments accounted for under the equity method) of NT$1,605,559 thousand and NT$1,450,280 thousand, constituting 2.25% and 2.10% of consolidated total assets as of December 31, 2019 and 2018, respectively, and total sales revenue of NT$2,763,206 thousand and NT$2,815,523 thousand, constituting 2.99% and 3.23% of consolidated total sales revenue for the years then ended, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial

statements and the information disclosed in Note 13 relative to these subsidiaries and investees, is based solely on the reports of other auditors.

Other matter - Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Chicony Electronics Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement 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 controls.
2. Obtain an understanding of internal controls 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 controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chen, Chin-Chang Weng, Shih-Jung
For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019	December 31, 2018
	Current assets			
1100	Cash and cash equivalents	6(1)	$ 4,136,522	$ 1,952,439
1110	Financial assets at fair value through profit or loss - current	6(2)	3,922,064	4,316,587
1120	Financial assets at fair value through other comprehensive income - current	6(3)	2,983,854	2,920,108
1150	Notes receivable, net	6(5)	153,736	360,995
1170	Accounts receivable, net	6(5)	20,184,038	17,615,816
1180	Accounts receivable - related parties	7	332,350	314,182
1200	Other receivables		160,242	314,508
130X	Inventories, net	6(7)	13,847,346	15,078,468
1410	Prepayments		1,453,360	1,591,001
1460	Non-current assets classified as held for sale, net	6(13)	-	1,956,546
1470	Other current assets		6,974	1,493
11XX	**Total current assets**		47,180,486	46,422,143
	Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	6(2)	1,658,144	1,993,760
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	523,618	858,124
1535	Financial assets at amortised cost - non-current	6(4)	482,573	-
1550	Investments accounted for using equity method	6(8)	205,522	31,755
1600	Property, plant and equipment, net	6(9) and 8	12,821,680	12,371,429
1755	Right-of-use assets	6(10)	891,285	-
1760	Investment property, net	6(11) and 8	6,447,876	5,537,730
1780	Intangible assets	6(12)	142,341	233,688
1840	Deferred income tax assets	6(31)	152,339	97,958
1900	Other non-current assets	6(14) and 8	938,393	1,385,321
15XX	**Total non-current assets**		24,263,771	22,509,765
1XXX	**Total assets**		$ 71,444,257	$ 68,931,908

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019	December 31, 2018
	Current liabilities			
2100	Short-term borrowings	6(15) and 8	$ 895,000	$ 5,643,630
2120	Financial liabilities at fair value through profit or loss - current	6(2)	550,620	70,777
2130	Contract liabilities - current	6(25)	147,815	145,243
2150	Notes payable		26,342	1,720
2170	Accounts payable	6(16)	23,736,390	22,713,760
2180	Accounts payable - related parties	7	415,577	300,503
2200	Other payables	6(17)	10,871,450	8,307,849
2230	Income tax liabilities		1,207,284	1,490,003
2280	Lease liabilities - current		117,066	-
2300	Other current liabilities	6(18)	275,194	508,717
21XX	**Total current liabilities**		38,242,738	39,182,202
	Non-current liabilities			
2540	Long-term borrowings	6(18) and 8	100,000	1,006,224
2570	Deferred income tax liabilities	6(31)	583,333	297,554
2580	Lease liabilities - non-current		365,703	-
2600	Other non-current liabilities	6(19)	258,456	264,404
25XX	**Total non-current liabilities**		1,307,492	1,568,182
2XXX	**Total liabilities**		39,550,230	40,750,384
	Equity attributable to owners of parent			
	Share capital	6(21)		
3110	Share capital - common stock		7,344,975	7,303,799
	Capital surplus	6(22)		
3200	Capital surplus		6,114,005	5,633,933
	Retained earnings	6(23)		
3310	Legal reserve		4,976,270	4,617,199
3320	Special reserve		3,105,405	1,861,304
3350	Unappropriated retained earnings		9,370,658	8,455,531
	Other equity interest	6(24)		
3400	Other equity interest		(3,331,661)	(3,065,027)
3500	**Treasury stocks**	6(21) and 8	(311,277)	(728,584)
31XX	**Equity attributable to owners of the parent**		27,268,375	24,078,155
36XX	**Non-controlling interest**	4(3)	4,625,652	4,103,369
3XXX	**Total equity**		31,894,027	28,181,524
	Significant contingent liabilities and unrecognised contract commitments	9		
	Significant events after the balance sheet date	11		
3X2X	**Total liabilities and equity**		$ 71,444,257	$ 68,931,908

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Years ended December 31, 2019	2018
4000	**Sales revenue**	6(25) and 7	$ 92,552,325	$ 87,260,406
5000	**Operating costs**	6(7)(29)(30) and 7	(76,270,837)	(74,643,642)
5900	**Net operating margin**		16,281,488	12,616,764
	Operating expenses	6(29)(30)		
6100	Selling expenses		(3,708,989)	(3,140,664)
6200	General and administrative expenses		(2,970,822)	(2,162,176)
6300	Research and development expenses		(3,369,287)	(2,515,632)
6450	Impairment gain (loss) determined in accordance with IFRS 9	12(2)	37,075	(148,756)
6000	**Total operating expenses**		(10,012,023)	(7,967,228)
6900	**Operating profit**		6,269,465	4,649,536
	Non-operating income and expenses			
7010	Other income	6(26)	706,268	799,617
7020	Other gains and losses	6(27)	1,321,223	(255,145)
7050	Finance costs	6(28)	(123,131)	(143,035)
7060	Share of profit or loss of associates and joint ventures accounted for under equity method	6(8)	14,911	(15,501)
7000	**Total non-operating income and expenses**		1,919,271	385,936
7900	**Profit before income tax**		8,188,736	5,035,472
7950	Income tax expense	6(31)	(1,385,984)	(1,056,563)
8200	**Profit for the year**		$ 6,802,752	$ 3,978,909

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Years ended December 31, 2019	2018
	Other comprehensive income			
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
8311	Actuarial loss on defined benefit plan	6(19)	($ 15,311)	($ 13,253)
8312	Gain on revaluation	6(9)	-	155,281
8316	Unrealised gain (loss) on equity instruments at fair value through other comprehensive income	6(3)	368,798	(493,547)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	(161,893)
8310	**Other comprehensive income (loss) that will not be reclassified to profit or loss**		353,487	(513,412)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations		(1,232,704)	(5,217)
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(8)	(7,726)	1,537
8360	**Other comprehensive loss that will be reclassified to profit or loss**		(1,240,430)	(3,680)
8300	**Total other comprehensive loss for the year**		($ 886,943)	($ 517,092)
8500	**Total comprehensive income for the year**		$ 5,915,809	$ 3,461,817
	Profit attributable to:			
8610	Owners of the parent		$ 5,838,817	$ 3,590,711
8620	Non-controlling interest		$ 963,935	$ 388,198
	Comprehensive income attributable to:			
8710	Owners of the parent		$ 5,018,523	$ 3,203,987
8720	Non-controlling interest		$ 897,286	$ 257,830
	Earnings per share (in NT dollars)	6(32)		
9750	**Basic earnings per share**		$ 8.45	$ 5.22
9850	**Diluted earnings per share**		$ 8.33	$ 5.15

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
				Retained Earnings			Other Equity Interest						
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Asset revaluation increment	Treasury stocks	Total		
Year ended December 31, 2018													
Balance at January 1, 2018		$ 7,206,051	$ 5,136,660	$ 4,215,046	$ 433,524	$ 9,144,208	($ 1,009,474)	($ 2,203,492)	$ 1,388,279	($ 517,165)	$ 23,793,637	$ 4,481,758	$ 28,275,395
Effect of retrospective application and restatement		-	-	-	-	860,203	-	(905,391)	-	-	(45,188)	(8,690)	(53,878)
Balance at January 1, 2018 after adjustments		7,206,051	5,136,660	4,215,046	433,524	10,004,411	(1,009,474)	(3,108,883)	1,388,279	(517,165)	23,748,449	4,473,068	28,221,517
Profit for 2018		-	-	-	-	3,590,711	-	-	-	-	3,590,711	388,198	3,978,909
Other comprehensive income (loss) for 2018	6(24)	-	-	-	-	(8,143)	23,660	(395,629)	(6,612)	-	(386,724)	(130,368)	(517,092)
Total comprehensive income (loss)		-	-	-	-	3,582,568	23,660	(395,629)	(6,612)	-	3,203,987	257,830	3,461,817
Appropriations of 2017 earnings	6(23)												
Legal reserve		-	-	402,153	-	(402,153)	-	-	-	-	-	-	-
Special reserve		-	-	-	1,427,780	(1,427,780)	-	-	-	-	-	-	-
Stock dividends		36,199	-	-	-	(36,199)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(3,221,684)	-	-	-	-	(3,221,684)	-	(3,221,684)
Employees' stock dividends		61,549	391,451	-	-	-	-	-	-	-	453,000	-	453,000
Purchase of treasury shares		-	-	-	-	-	-	-	-	(211,419)	(211,419)	-	(211,419)
Cash dividends paid to the subsidiaries		-	165,439	-	-	-	-	-	-	-	165,439	-	165,439
Difference between proceeds from addition and disposal of subsidiary and book value		-	(134,690)	-	-	-	-	-	-	-	(134,690)	134,690	-
Adjustments to share of changes in equity of associates and joint ventures		-	73,905	-	-	-	-	-	-	-	73,905	56,433	130,338
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	-	(630,314)	(630,314)
Disposal of investments in equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	(43,632)	-	43,632	-	-	-	(7,675)	(7,675)
Non-controlling interest adjustment		-	-	-	-	-	-	-	-	-	-	(180,663)	(180,663)
Others (overdue dividends)		-	1,168	-	-	-	-	-	-	-	1,168	-	1,168
Balance at December 31, 2018		$ 7,303,799	$ 5,633,933	$ 4,617,199	$ 1,861,304	$ 8,455,531	($ 985,814)	($ 3,460,880)	$ 1,381,667	($ 728,584)	$ 24,078,155	$ 4,103,369	$ 28,181,524
Year ended December 31, 2019													
Balance at January 1, 2019		$ 7,303,799	$ 5,633,933	$ 4,617,199	$ 1,861,304	$ 8,455,531	($ 985,814)	($ 3,460,880)	$ 1,381,667	($ 728,584)	$ 24,078,155	$ 4,103,369	$ 28,181,524
Profit for 2019		-	-	-	-	5,838,817	-	-	-	-	5,838,817	963,935	6,802,752
Other comprehensive income (loss) for 2019	6(24)	-	-	-	-	(13,143)	(1,129,577)	322,426	-	-	(820,294)	(66,649)	(886,943)
Total comprehensive income (loss)		-	-	-	-	5,825,674	(1,129,577)	322,426	-	-	5,018,523	897,286	5,915,809
Appropriations of 2018 earnings	6(23)												
Legal reserve		-	-	359,071	-	(359,071)	-	-	-	-	-	-	-
Special reserve		-	-	-	1,244,101	(1,244,101)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(2,766,858)	-	-	-	-	(2,766,858)	-	(2,766,858)
Employees' stock dividends		41,176	238,824	-	-	-	-	-	-	-	280,000	-	280,000
Treasury stock transferred to employees		-	164,322	-	-	-	-	-	-	417,307	581,629	-	581,629
Cash dividends paid to the subsidiaries		-	141,980	-	-	-	-	-	-	-	141,980	-	141,980
Adjustments to share of changes in equity of associates and joint ventures		-	46,544	-	-	-	-	-	-	-	46,544	136,805	183,349
Difference between proceeds from addition and disposal of subsidiary and book value		-	(111,598)	-	-	-	-	-	-	-	(111,598)	111,598	-
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	-	(389,496)	(389,496)
Disposal of investments in equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	(540,517)	-	540,517	-	-	-	-	-
Non-controlling interest adjustment		-	-	-	-	-	-	-	-	-	-	(233,910)	(233,910)
Balance at December 31, 2019		$ 7,344,975	$ 6,114,005	$ 4,976,270	$ 3,105,405	$ 9,370,658	($ 2,115,391)	($ 2,597,937)	$ 1,381,667	($ 311,277)	$ 27,268,375	$ 4,625,652	$ 31,894,027

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 8,188,736	$ 5,035,472
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(29)	2,251,870	2,043,512
Amortisation	6(12)(29)	74,166	78,488
Other non-current assets recognised as expenses	6(29)	106,070	57,839
Long-term prepaid rent expense	6(29)	-	10,119
Impairment (gain) loss determined in accordance with IFRS 9	12(2)	(34,119)	148,756
Share-based payments	6(20)	173,052	16,077
Interest income	6(26)	(62,299)	(50,882)
Dividend income	6(26)	(214,688)	(231,228)
Interest expense	6(28)	123,131	143,035
Net loss (gain) on financial assets and liabilities at fair value - derivative instruments	6(2)(27)	529,054	(449,292)
Net (gain) loss on financial assets and liabilities at fair value - other	6(27)	(1,181,949)	530,390
Share of (profit) loss of associates accounted for using equity method	6(8)	(14,911)	15,501
Gain on disposal of investments	6(27)	(73,665)	-
Loss on disposal of property, plant and equipment	6(27)	39,982	15,161
Gain on disposal of non-current assets held for sale	6(27)	(645,713)	-
Impairment loss of non-financial assets	6(12)(27)	71,299	-
Gain on fair value adjustment of investment property	6(10)(27)	(64,552)	(31,930)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		237,721	93,580
Notes receivable		207,260	481,821
Accounts receivable		(2,534,104)	295,904
Accounts receivable - related parties		(18,168)	11,815
Other receivables		156,949	197,006
Inventories		1,231,122	(2,620,207)
Prepayments		137,641	(189,175)
Other current assets		5,481	50,230
Changes in operating liabilities			
Contract liabilities - current		2,572	(21,746)
Notes payable		24,622	(467)
Accounts payable		1,022,630	1,976,193
Accounts payable - related parties		115,074	(181,916)
Other payables		2,520,751	(78,501)
Other current liabilities		(9,369)	32,572
Other non-current liabilities		(5,948)	20,983
Cash inflow generated from operations		12,359,698	7,399,110
Interest received		59,616	50,905
Dividends received		214,688	231,228
Interest paid		(137,890)	(137,734)
Income tax paid		(1,437,305)	(1,011,559)
Net cash flows from operating activities		11,058,807	6,531,950

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets and liabilities at fair value through profit or loss - other		($ 771,302)	($ 4,082,081)
Disposal of financial assets and liabilities at fair value through profit or loss - other		2,367,268	3,018,862
Acquisition of financial assets through other comprehensive income		(71,867)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		721,025	67,341
Acquisition of financial assets at amortised cost		(498,303)	-
Acquisition of investments accounted for using equity method		(166,582)	-
Acquisition of property, plant and equipment	6(33)	(2,981,326)	(2,214,556)
Acquisition of investment property		(376,095)	(33,763)
Proceeds from disposal of property, plant and equipment		220,953	128,909
Proceeds from disposal of non-current assets held for sale	6(13)	2,605,512	-
Acquisition of intangible assets	6(12)	(64,363)	(62,267)
Increase in other non-current assets		(312,045)	(756,838)
Increase in refundable deposits		(15,145)	(40,305)
Proceeds from disposal of investment property received in advance		192,802	-
Net cash flows from (used in) investing activities		850,532	(3,974,698)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(4,752,915)	1,397,247
Increase in long-term borrowings		100,000	-
Decrease in long-term borrowings		(1,443,449)	(480,000)
Treasury stock transferred to employees		408,578	29,119
Change in non-controlling interests		(233,910)	(296,568)
Cash dividends distributed by subsidiaries		(389,496)	(630,314)
Repayment of lease liabilities		(93,320)	-
Payment of cash dividends		(2,624,878)	(3,056,245)
Payments to acquire treasury shares		-	(211,419)
Overdue stock dividends		-	1,168
Net cash flows used in financing activities		(9,029,390)	(3,247,012)
Effect of exchange rate changes		(695,866)	(37,742)
Net increase (decrease) in cash and cash equivalents		2,184,083	(727,502)
Cash and cash equivalents at beginning of year	6(1)	1,952,439	2,679,941
Cash and cash equivalents at end of year	6(1)	$ 4,136,522	$ 1,952,439

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars,
except as otherwise indicated)

1. HISTORY AND ORGANISATION

Chicony Electronics Co., Ltd. (the "Company") was incorporated in 1983 as a company limited by shares under the provisions of the Company Law of the Republic of China. The Company has been a listed company since 1999. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the manufacturing and sales of keyboards and other computer peripheral components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 10, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' and 'lease liability' by $913,892 and $470,130, respectively, and decreased 'long-term prepaid rents' (shown as 'other non-current assets') by $443,762 with respect to the lease contracts of lessees on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

   (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

   (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

   (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $35,519 was recognised in 2019.

   (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate ranging from 1% to 5.65%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

	Amount
Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$ 568,050
Less: Short-term leases	(35,519)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$ 532,531
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$ 470,130

	Weighted average incremental borrowing interest rate
Incremental borrowing interest rate at the date of initial application	1%~5.65%

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
Chicony Electronics Co., Ltd. (CEC)	Chicony Overseas Inc. (COI)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Unikey Electronics Co., Ltd. (UNIKEY)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Hipro Overseas (BVI) Inc. (HOI)	Sales of switching power supplies and other electronic parts and management of overseas acquisitions and investments	100%	100%	
"	Hipro Electronics Ltd. (HEC)	Sales of switching power supplies and other electronic parts	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
CEC	XAVi Technology Corp. (XAVi)	Researching, manufacturing and sales of DSL bridges and routers	45.94%	44.30%	Note A
"	Chicony Electronics (Thailand) Co., Ltd. (CET)	Manufacturing and sales of computer peripherals	100%	100%	
"	Chicony Global Inc. (CGI)	Sales of computer peripherals	100%	100%	
"	Chicony Power Technology Co., Ltd. (CP)	Manufacturing and sales of plastic goods	49.59%	49.08%	Note A
COI	Chicony America Inc. (CAI)	Sales of computer peripherals	100%	100%	
"	Chicony Electronics (Dong Guan) Co., Ltd. (CEM2)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Mao-Feng International Inc. (Mao-Feng)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Chicony Electronics (Suzhou) Co., Ltd. (CEM3)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Global Faith Inc. (GFI)	Sales of computer peripherals and management of overseas acquisitions and investments	60%	60%	
"	Real Young Electronics Co., Ltd. (Real Young)	Design and sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Mao-Ray Electronics (DongGuan) Co., Ltd. (Mao-Ray)	Manufacturing of electronic parts, keyboards and plastic products	100%	100%	
"	Suzhou Mao-Qun Electronics Co., Ltd. (Mao-Qun)	Manufacturing of electronic parts, keyboards and plastic products	60%	60%	
"	Chicony Electronics CEZ s.r.o. (CEZ)	Sales of computer peripherals	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
COI	Suzhou Qun-Yang Electronics Co., Ltd. (Qun-Yang)	Manufacturing and sales of electronic parts, keyboard and plastic products	60%	60%	
"	Chicony Electronics Japan Co., Ltd. (CEJ)	Sales of computer peripherals	100%	100%	
"	Kuang Mao International Inc. (Kuang Mao)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Chicony America Group Inc. (CAGI)	Internet solution for E-Commerce solution	100%	100%	
"	Chicony Electronics (Chong-Qing) Co., Ltd. (CEM5)	Manufacturing and sales of computer peripherals	100%	100%	
"	Hikari Investment GK (Hikari)	Investment holdings	-	99%	Note B
HEC	Quansun Investment Corp. Ltd. (Quansun)	Investment holdings	100%	100%	
"	Qun-Jing Power Co., Ltd. (Qun-Jing)	Sales of computer peripherals and consumer equipment	100%	100%	
CP	Chicony Power Holdings Inc. (CPH)	Investment holdings	100%	100%	
	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Manufacturing and sales of switching power supplies and other electronic parts	100%	-	Note C
"	Chicony Power International Inc. (CPI)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
CP	Chicony Power USA Inc. (CPUS)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology HongKong Limited (CPHK)	Research and development centre	100%	100%	
"	WitsLight Technology Co., Ltd. (WTS)	Design, researching and developing of LED lighting modules and investment holdings	78.125%	78.125%	
WTS	WitsLight Technology Co., Ltd. (WT)	Design, research and development of LED lighting modules and international trade	-	100%	Note D
"	WitsLight Technology (Kunshan) Co., Ltd. (WTK)	Manufacturing and sales of LED lighting modules	100%	100%	
"	Zhuzhou Torch Auto Lamp CO., Ltd. (Zhuzhou Torch)	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	100%	100%	
"	Carlight Technology Co., Ltd. (CT)	Design, researching and developing and sales of automotive and motorcycle lamps and other components	100%	100%	
CPHK	Chicony Power Technology (DongGuan) Co., Ltd. (CPDG) (Formerly Hipro Electronics (Dong Guan) Co., Ltd.)(HDG)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
CPHK	Chicony Power Technology (Suzhou) Co., Ltd. (CPSZ)	Production and sales of electronic equipment (high-performance power supply, power module and voltage transformer) and LED lighting equipment	100%	100%	
"	Quang Sheng Electronics (Nanchang) Co., Ltd. (GSE)	Production and sales of electronic equipment (magnetic element, circuit board and keyboard) and voltage transformer	100%	100%	
"	Chicony Power Technology (Chong-Qing) Co., Ltd. (CPCQ)	Production and sales of electronic equipment (high-performance power supply, power module and voltage transformer) and LED lighting equipment	100%	100%	
"	Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Sales of LED lighting equipments	100%	100%	
"	Chicony Power Technology Trading (Dong Guan) Co., Ltd. (CPDGT)	Importing and exporting of switching power supplies, LED lighting equipment, and other electronics	100%	100%	
	Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Researching and developing, manufacturing, sales, installation, after-sale, and advisory services of electric machinery, electric frequency device and industry automation equipment; manufacturing and sales of electrical machinery and components; import and export of goods and goods	100%	-	Note E

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
XAVi	Directmax International Ltd. (Directmax)	Management of overseas acquisitions and investments	100%	100%	
"	XAVi Overseas Ltd. (XAVi Overseas)	Management of overseas acquisitions and investments	100%	100%	
"	Systemax Development Ltd. (Systemax)	Sales of DSL bridges and routers	100%	100%	
"	XAVi Technologies (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges and routers	100%	100%	

Note A: Although the Company holds less than 50% of the voting shares directly or indirectly, it meets the criteria of having control power that is reported in the consolidated financial statements.

Note B: On May 8, 2019, the Board of Directors resolved to liquidate the subsidiary, Hikari, and the company was deregistered on September 25, 2019.

Note C: On November 4, 2019, the Board of Directors of CP resolved to invest THB 38 million to establish CPTH, and the procedure was completed in the fourth quarter of 2019.

Note D: The Group sold 100% of shares in WitsLight Technology Co., Ltd. (WT) on August 1, 2019. As a result, the Group lost its control over the subsidiary. The Group recognised gain of $13,401 and shown as 'other gains and losses' in the statements of comprehensive income.

Note E: On May 6, 2019, the Board of Directors of CP resolved to invest USD 3 million through CPHK, a company in the third area, to establish CPTZ, and the procedure was completed in June 2019.

C. Subsidiaries not included in the consolidated financial statements: None.

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2019 and 2018, the non-controlling interest amounted to $4,625,652 and $4,103,369, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest December 31, 2019 Amount	Ownership (%)	Non-controlling interest December 31, 2018 Amount	Ownership (%)
Chicony Power Technology Co., Ltd.	Taiwan	$ 4,175,810	50.41%	$ 3,718,030	50.92%

Summarised financial information of the subsidiaries:

Balance sheets

	Chicony Power Technology Co., Ltd.	
	December 31, 2019	December 31, 2018
Current assets	$ 17,201,000	$ 17,955,003
Non-current assets	4,572,024	3,920,715
Current liabilities	(13,141,403)	(14,440,152)
Non-current liabilities	(314,209)	(95,722)
Total net assets	$ 8,317,412	$ 7,339,844

Statements of comprehensive income

	Chicony Power Technology Co., Ltd.	
	Years ended December 31,	
	2019	2018
Revenue	$ 34,415,370	$ 31,292,361
Profit before income tax	2,219,807	1,334,666
Income tax expense	(501,917)	(311,266)
Profit for the year	1,717,890	1,023,400
Other comprehensive loss, net of tax	(158,999)	(267,987)
Total comprehensive income for the year	$ 1,558,891	$ 755,413
Comprehensive income attributable to non-controlling interest	$ 783,647	$ 380,757
Dividends paid to non-controlling interest	$ 389,496	$ 619,916

Statements of cash flows

	Chicony Power Technology Co., Ltd.	
	Years ended December 31,	
	2019	2018
Net cash provided by operating activities	$ 3,582,738	$ 579,849
Net cash used in investing activities	(903,711)	(925,301)
Net cash (used in) provided by financing activities	(1,901,432)	128,839
Effect of exchange rates on cash and cash equivalents	(95,072)	(37,158)
Increase (decrease) in cash and cash equivalents	682,523	(253,771)
Cash and cash equivalents, beginning of year	705,018	958,789
Cash and cash equivalents, end of year	$ 1,387,541	$ 705,018

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(iii) All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former

joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

   (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

   (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

   (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; and the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Leasing arrangements (lessor) - lease receivables / operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

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

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

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

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives are 20~55 years for buildings and structures, 1~10 years for machinery and testing equipment, 1~5 years for molding equipment and 1~20 years for other equipment.

(16) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

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

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(18) Operating leases (lessee)

Applicable for 2018

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(19) Intangible assets

A. Trademarks and licenses

Separately acquired trademarks and licenses are stated at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 1~10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~10 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

D. Other intangible assets are mainly technical skill and amortised on a straight-line basis over its estimated useful life of 2~14 years.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for an investment property is measured subsequently using the fair value model.

(22) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(23) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(24) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial

liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(25) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(26) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the

date of dividends declared.

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks.

(29) Income tax

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

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

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

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employees'

training costs and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) Share capital

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

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(31) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(32) Revenue recognition

A. Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) According to the contracts with customers, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(33) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expense.

(34) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date.

(35) Operating segments

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets

and liabilities within the next financial year; and the related information is addressed below:

(1) Critical accounting judgements - Evaluation of investment property

The Group follows the guidance of IAS 40 'Investment property' to determine the assets to be measured at fair value. The Group's investment properties are mainly land and buildings. Their fair value is determined by an external appraiser and the fair value may be adjusted by the judgement of the external appraiser.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Evaluation of investment property

The Group's investment properties are measured at fair value. The fair value is evaluated using the income approach by an external appraiser. It involves critical assumptions including occupancy rate, rent growth rate, discount rate, etc.. Those assumptions may be affected by the economic conditions, market needs, etc. that may change.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 11,540	$ 29,338
Checking accounts and demand deposits	3,563,547	1,485,538
Time deposits	561,435	437,563
	$ 4,136,522	$ 1,952,439

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

B. Details of cash and cash equivalents pledged as collateral are provided in Note 8.

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

Items	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 3,223,483	$ 4,021,134
Emerging stocks	36,253	125,097
Beneficiary certificates	200,078	660,722
Corporate bonds	264,017	321,774
Non-hedging derivatives		
Forward exchange contracts	63,320	350,252
	3,787,151	5,478,979
Valuation adjustment	134,913	(1,162,392)
	$ 3,922,064	$ 4,316,587
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	$ 546,310	$ 68,161
Exchange rate swaps	4,310	2,616
	$ 550,620	$ 70,777
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 786,810	$ 584,409
Beneficiary certificates	955,016	1,232,628
	1,741,826	1,817,037
Valuation adjustment	(83,682)	176,723
	$ 1,658,144	$ 1,993,760

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	December 31, 2019	December 31, 2018
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	$ 1,057,828	($ 272,814)
Debt instruments	3,164	(1,893)
Beneficiary certificates	120,957	(255,683)
Derivatives	(529,054)	449,292
	$ 652,895	($ 81,098)

B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2019		
Derivative instruments	Contract amount (Notional Principal) (In thousands)		Due Date
Forward foreign exchange contracts			
-SELL NTD/BUY USD	USD	625,000	2020.01.07~2020.12.16
-SELL RMB/BUY USD	USD	105,116	2020.01.22~2020.07.02
-SELL USD/BUY RMB	USD	240,500	2020.01.06~2020.12.07
-SELL USD/BUY NTD	USD	20,000	2020.01.02~2020.06.22
Exchange rate swaps			
-SELL NTD/BUY USD	USD	47,000	2020.01.02~2020.01.03

	December 31, 2018		
Derivative instruments	Contract amount (Notional Principal) (In thousands)		Due Date
Forward foreign exchange contracts			
-SELL NTD/BUY USD	USD	572,000	2019.01.03~2019.12.20
-SELL RMB/BUY USD	USD	110,762	2019.01.03~2019.01.31
-SELL USD/BUY RMB	USD	296,000	2019.01.03~2019.12.31
-SELL USD/BUY NTD	USD	5,000	2019.02.25
-Currency products	USD	4,198	2019 03.18~2019.03.27
Exchange rate swaps			
-SELL NTD/BUY USD	USD	36,000	2019.01.02~2019.01.03

Forward foreign exchange contracts / Foreign exchange swap contracts

The Group entered into forward foreign exchange contracts and foreign exchange swap contracts to buy (sell) foreign exchange swap and interest rate swap to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

C. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others.

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

Items	December 31, 2019	December 31, 2018
Current items:		
Listed stocks	$ 4,552,788	$ 5,739,109
Valuation adjustment	(1,568,934)	(2,819,001)
	$ 2,983,854	$ 2,920,108
Non-current items:		
Listed stocks	$ 1,281,850	$ 1,281,850
Unlisted stocks	664,748	967,709
	1,946,598	2,249,559
Valuation adjustment	(1,422,980)	(1,391,435)
	$ 523,618	$ 858,124

A. The Group has elected to classify equity investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - non-current. The fair value of such investments on December 31, 2019 and 2018 was equivalent to their carrying amount.

B. Aiming to satisfy the capital needs, the Group sold $721,025 and $67,341 equity investments at fair value which resulted in cumulative losses on disposal of $849,728 and $51,307 and were transferred as a deduction item to unappropriated retained earnings during the years ended December 31, 2019 and 2018, respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 368,798	($ 493,547)
Cumulative losses reclassified to retained earnings due to derecognition	$ 849,728	$ 51,307
Dividend income recognised in profit or loss held at end of year	$ 120,541	$ 111,308

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2019
Non-current items:	
Corporate bond	$ 482,573

As of December 31, 2018, the Group had no financial assets measured at cost.

A. The Group has no amounts recognised in profit or loss in relation to financial assets at amortised cost for the year.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 153,736	$ 360,995
Accounts receivable	$ 20,360,815	$ 17,844,440
Less: Allowance for uncollectible accounts	(176,777)	(228,624)
	$ 20,184,038	$ 17,615,816

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 19,684,560	$ 153,736	$ 17,003,966	$ 360,995
1 to 30 days	323,535	-	334,648	-
31 to 120 days	309,054	-	441,145	-
121 to 215 days	268	-	11,453	-
Over 365 days	43,398	-	53,228	-
	$ 20,360,815	$ 153,736	$ 17,844,440	$ 360,995

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, the balances of accounts and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $19,004,846.

C. The Group has no notes or accounts receivable pledged to others as collateral.

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group was equal to carrying amount.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Transfer of financial assets - Transferred financial assets that are derecognised in their entirety

A. The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable and does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable. As of December 31, 2019, details of the guarantee notes issued for the factoring agreement are provided in Note 9(1).

B. As of December 31, 2019, no outstanding accounts receivable were sold. As of December 31, 2018, the outstanding accounts receivable sold were as follows:

	December 31, 2018				
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced
E. SUN BANK	$ 1,619,443	$ 1,619,443	$ 2,626,075	$ 1,006,632	3.33%~3.47%

On December 31, 2018, the Group has no retention for the factoring of accounts receivable.

(7) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 4,386,555	($ 321,086)	$ 4,065,469
Work in progress	2,178,881	(164,060)	2,014,821
Finished goods	8,429,177	(662,121)	7,767,056
	$ 14,994,613	($ 1,147,267)	$ 13,847,346

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 5,436,655	($ 513,406)	$ 4,923,249
Work in progress	2,210,890	(206,626)	2,004,264
Finished goods	8,877,403	(726,448)	8,150,955
	$ 16,524,948	($ 1,446,480)	$ 15,078,468

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2019	2018
Cost of goods sold	$ 76,257,112	$ 74,091,054
Loss on decline in market value	10,779	580,053
Others	2,946	(27,465)
	$ 76,270,837	$ 74,643,642

The other losses (gains) represent income from the loss (gain) on physical count and sale of scraps and wastes.

(8) Investments accounted for using equity method

A. Investments accounted for under the equity method were as follows:

	December 31, 2019	December 31, 2018
Associate:		
Sky-Fine Investment Limited (Sky-Fine)	$ 21,264	$ 31,755
Swift Success Holdings Limited (Swift Success)	184,258	-
	$ 205,522	$ 31,755

B. The share of profit (loss) of associates accounted for using equity method for the years ended December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Associate:		
Sky-Fine Investment Limited (Sky-Fine)	($ 10,279)	($ 15,501)
Swift Success Holdings Limited (Swift Success)	25,190	-
	$ 14,911	($ 15,501)

The amount of profit or loss of associates and other comprehensive income or loss of Sky-Fine Investment Limited is evaluated based on its financial statements audited by auditors for the same reporting period.

C. Associates

As of December 31, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to $205,522 and $31,755, respectively. The Group's share of the operating results are summarised below:

	For the years ended December 31,	
	2019	2018
Profit (loss) for the year from continuing operations	$ 14,911	($ 15,501)
Other comprehensive income (loss), net of tax	(7,726)	1,537
Total comprehensive income (loss)	$ 7,185	($ 13,964)

(9) Property, plant and equipment

	Land	Buildings	Machinery	Tooling equipment	Testing equipment	Construction in progress	Others	Total
At January 1, 2019								
Cost	$ 621,070	$ 7,098,611	$ 7,590,657	$ 5,243,730	$ 2,234,291	$ 91,193	$ 4,169,865	$ 27,049,417
Accumulated depreciation and impairment	-	(2,025,842)	(3,894,255)	(4,126,256)	(1,698,221)	-	(2,933,414)	(14,677,988)
	$ 621,070	$ 5,072,769	$ 3,696,402	$ 1,117,474	$ 536,070	$ 91,193	$ 1,236,451	$ 12,371,429
2019								
Opening net book amount	$ 621,070	$ 5,072,769	$ 3,696,402	$ 1,117,474	$ 536,070	$ 91,193	$ 1,236,451	$ 12,371,429
Additions	-	68,524	587,612	491,015	386,244	1,171,495	324,226	3,029,116
Disposals	-	(3,437)	(157,187)	(73,714)	(7,246)	-	(19,351)	(260,935)
Reclassifications	-	(1,556)	84,271	120,879	53,182	(86,054)	91,383	262,105
Depreciation	-	(271,136)	(672,671)	(489,620)	(227,883)	-	(473,288)	(2,134,598)
Net exchange differences	243	(81,375)	(174,204)	(27,920)	(20,713)	(70,675)	(70,793)	(445,437)
Closing net book amount	$ 621,313	$ 4,783,789	$ 3,364,223	$ 1,138,114	$ 719,654	$ 1,105,959	$ 1,088,628	$ 12,821,680
At December 31, 2019								
Cost	$ 621,313	$ 6,946,841	$ 7,499,023	$ 5,174,391	$ 2,512,656	$ 1,105,959	$ 3,875,891	$ 27,736,074
Accumulated depreciation and impairment	-	(2,163,052)	(4,134,800)	(4,036,277)	(1,793,002)	-	(2,787,263)	(14,914,394)
	$ 621,313	$ 4,783,789	$ 3,364,223	$ 1,138,114	$ 719,654	$ 1,105,959	$ 1,088,628	$ 12,821,680

	Land	Buildings	Machinery	Tooling equipment	Testing equipment	Construction in progress	Others	Total
At January 1, 2018								
Cost	$ 1,350,384	$ 7,008,820	$ 6,965,235	$ 5,468,324	$ 2,084,777	$ 710,447	$ 3,793,133	$ 27,381,120
Accumulated depreciation and impairment	-	(1,807,634)	(3,541,705)	(4,264,091)	(1,600,120)	-	(2,612,688)	(13,826,238)
	$ 1,350,384	$ 5,201,186	$ 3,423,530	$ 1,204,233	$ 484,657	$ 710,447	$ 1,180,445	$ 13,554,882
2018								
Opening net book amount	$ 1,350,384	$ 5,201,186	$ 3,423,530	$ 1,204,233	$ 484,657	$ 710,447	$ 1,180,445	$ 13,554,882
Additions	-	127,694	717,531	308,307	228,856	406,296	460,409	2,249,093
Disposals	-	-	(72,735)	(52,921)	(4,376)	-	(14,038)	(144,070)
Reclassifications	(730,627)	52,369	329,965	186,336	43,385	(1,024,457)	133,541	(1,009,488)
Depreciation	-	(254,938)	(629,078)	(490,328)	(206,796)	-	(462,372)	(2,043,512)
Net exchange differences	1,313	(53,542)	(72,811)	(38,153)	(9,656)	(1,093)	(61,534)	(235,476)
Closing net book amount	$ 621,070	$ 5,072,769	$ 3,696,402	$ 1,117,474	$ 536,070	$ 91,193	$ 1,236,451	$ 12,371,429
At December 31, 2018								
Cost	$ 621,070	$ 7,098,611	$ 7,590,657	$ 5,243,730	$ 2,234,291	$ 91,193	$ 4,169,865	$ 27,049,417
Accumulated depreciation and impairment	-	(2,025,842)	(3,894,255)	(4,126,256)	(1,698,221)	-	(2,933,414)	(14,677,988)
	$ 621,070	$ 5,072,769	$ 3,696,402	$ 1,117,474	$ 536,070	$ 91,193	$ 1,236,451	$ 12,371,429

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the years ended December 31,	
	2019	2018
Amount capitalised	$ -	$ 16,209
Interest rate	-	0.96%~1.32%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. As the management intends to sell the Group's land and residential compound building located in Sanchong District, New Taipei City after construction completion, the Group reclassified "Land" and "Construction in progress" to "Investment property", amounting to $1,656,343 (the original book value). To promptly reflect the fair value information, the Group has undertaken a revaluation of the aforementioned properties in accordance with the regulations on revaluation at fair value when transferred to investment property at fair value in the fourth quarter of 2018. The revaluation surplus amounted to $155,281 which was recognised as other comprehensive income – revaluation surplus on the day of change in use of the property. After deduction of deferred tax liabilities recognised due to revaluation amounting to $150,136, the remaining balance of $5,145 was added to revaluation surplus of shareholders' equity.

(10) Leasing arrangements - lessee

Effective 2019

A. The Group leases various assets including land use right, buildings, machinery and equipment, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. Short-term leases with a lease term of 12 months or less comprise multifunction printers, low-value assets comprise warehouses, offices and business vehicles. Those were not included in right-of-use assets.

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

	December 31, 2019	2019
	Book value	Depreciation expense
Buildings and structures	$ 474,510	$ 106,541
Land use right	416,775	10,731
	$ 891,285	$ 117,272

D. In April 2018, the Group signed a land use rights contracts located in Wujiang Development Zone WJ-G-2018-021, Suzhou City with Bureau of Land Resources for use of the land in the municipality of Wujiang District, Suzhou City with a term of 50 years. All rentals have been paid on the contract date.

E. As of December 31, 2019, the Group signed a land use right contract with Bureau of Land Resources for use of the land in municipality of Chongqing, WuJiang City of Jiangsu Province and Dongguan City of Guangdong Province with term of 50 years. All rentals had been paid on the contract date, shown as 'Long-term prepaid rents - Land use right'. The grants received from the local government, as a reward for the local investment, were deducted from the cost of land use right.

F. For the year ended December 31, 2019, the additions to right-of-use assets was $121,169.

G. The information on profit and loss accounts relating to lease contracts is as follows:

	2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 16,616
Expense on short-term lease contracts	57,258
Expense on leases of low-value assets	2,237

H. For the year ended December 31, 2019, the Group's total cash outflow for leases was $169,431.

I. Details on land use right shown as 'other non-current assets - long-term prepaid rents' on December 31, 2018 are provided in Note 6(14).

(11) Investment property

	2019	2018
At January 1	$ 5,537,730	$ 5,517,981
Additions－from subsequent expenditures	839,561	33,763
Reclassifications－transfer out	-	(1,956,546)
Reclassifications－transfer in	6,033	1,811,624
Gain on fair value adjustment	64,552	31,930
Net exchange differences	-	98,978
At December 31	$ 6,447,876	$ 5,537,730

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2019	2018
Rental income from investment property	$ 61,835	$ 163,925
Direct operating expenses arising from the investment property that generated rental income during the year	$ 15,777	$ 90,340
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ 24,231	$ 33,596

B. Basis of investment property at fair value:

The Group's investment properties are land and buildings of office building. Office buildings are located in Tokyo City, Sanchong District and Wugu District in New Taipei City. They mainly earn from rental revenue with rental periods ranging from 1 to 10 years. The assumptions used for the years ended December 31, 2019 and 2018 are as follows:

(a) Details of the Group's investment property are as follows:

	December 31, 2019		
The subject	CEC Headquarter	Wugu Building	Residential Compound Building
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia
Valuer	Shao You, Chung	Wei Yuan, Cheng	Shao You, Chung
Evaluation basis date	December 16, 2019 (Note)	December 16, 2019 (Note)	December 16, 2019 (Note)

	December 31, 2018		
The subject	CEC Headquarter	Wugu Building	Residential Compound Building
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia
Valuer	Shao You, Chung	Wei Yuan, Cheng	Shao You, Chung
Evaluation basis date	November 30, 2018 (Note)	October 22, 2018 (Note)	October 30, 2018 (Note)

Note: We obtained effective statements of appraisal report on December 31, 2019 and 2018 from appraiser.

(b) The Company's office buildings' (including car parks) fair value was evaluated using the discounted cash flow analysis of income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; includes idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulated until the valuation date. Future cash outflow which consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortization of agent fee, etc., is estimated based on the actual expenses incurred in the current year, considering the Company's current operating results and changes which may occur in the future.

(c) The rent, occupancy rate and income of past year of the Group's office buildings (including car parks) and comparative rent information of similar properties are as follows:

	Estimated rent ($/3.3m2/month)	Similar comparative local or market	Occupancy rate	Income of past year
Year ended December 31, 2019				
CEC Headquarter	$870~$1,044	Equivalent to estimated rent	36.03%	$ 39,795
Wugu Building	$277~$725	Equivalent to estimated rent	100%	22,040
Residential Compound Building	$822~$984	Equivalent to estimated rent	-	-
Year ended December 31, 2018				
CEC Headquarter	$521~$1,076	Equivalent to estimated rent	21.45%	$ 23,803
Wugu Building	$291~$713	Equivalent to estimated rent	100%	22,040
Shinkawa Building	$2,173~$6,519	Equivalent to estimated rent	100%	118,082
Residential Compound Building	$838~$993	Equivalent to estimated rent	-	-

(d) Rent growth rate is evaluated by considering the lease contract and actual market situation. Discount rate is evaluated by risk premium approach which takes the return rate on investment of the most general goods as standard, adopted the floating interest rate on a 2-year time deposits of a small amount, as posted by the Chunghwa Post Co., Ltd. plus 0.75 percentage points; and explore the liquidity, risk level, value-added level and the ease of management of the subject. The rent growth rates and discount rates are as follows:

	December 31, 2019		
	CEC Headquarter	Wugu Building	Residential Compound Building
Rent growth rate	1.00%	1.00%	1.00%
Discount rate	2.40%	3.05%	2.22%

	December 31, 2018		
	CEC Headquarter	Wugu Building	Residential Compound Building
Rent growth rate	1.00%	0.50%	1.00%
Discount rate	3.75%	4.05%	3.05%

C. The fair value information about the investment property is provided in Note 12(3).

D. Impairment of investment property: None.

E. Information about the investment property that was reclassified is provided in Notes 6(9) and (13).

F. Information about the investment property that was pledged to others as collateral is provided in Note 8.

G. The maturity analysis of the lease payments receivables under the operating leases is as follows:

	December 31, 2019
2020	$ 54,255
2021	36,492
2022	30,659
2023	25,260
2024	24,720
After 2025	67,980
	$ 239,366

H. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation are as follows:

	2019	2018
Amount capitalised	$ 10,054	$ -
Range of the interest rates for capitalisation	0.48%~1.44%	—

(12) Intangible assets

	Trademarks and patents	Software	Goodwill	Others	Total
At January 1, 2019					
Cost	$ 54,183	$ 272,703	$ 136,953	$ 67,720	$ 531,559
Accumulated amortisation and impairment	(37,475)	(211,855)	-	(48,541)	(297,871)
	$ 16,708	$ 60,848	$ 136,953	$ 19,179	$ 233,688
2019					
Opening net book amount	$ 16,708	$ 60,848	$ 136,953	$ 19,179	$ 233,688
Additions	18,433	44,276	-	1,654	64,363
Reclassifications	-	4,678	-	-	4,678
Amortisation	(15,557)	(53,629)	-	(4,980)	(74,166)
Proceeds from disposal of subsidiaries	-	-	-	(12,328)	(12,328)
Impairment loss	-	-	(71,299)	-	(71,299)
Net exchange differences	-	(587)	(1,944)	(64)	(2,595)
Closing net book amount	$ 19,584	$ 55,586	$ 63,710	$ 3,461	$ 142,341
At December 31, 2019					
Cost	$ 72,616	$ 320,372	$ 132,795	$ 31,634	$ 557,417
Accumulated amortisation and impairment	(53,032)	(264,786)	(69,085)	(28,173)	(415,076)
	$ 19,584	$ 55,586	$ 63,710	$ 3,461	$ 142,341

	Trademarks and patents	Software	Goodwill	Others	Total
At January 1, 2018					
Cost	$ 38,294	$ 251,452	$ 136,612	$ 66,494	$ 492,852
Accumulated amortisation and impairment	(24,004)	(178,468)	-	(40,976)	(243,448)
	$ 14,290	$ 72,984	$ 136,612	$ 25,518	$ 249,404
2018					
Opening net book amount	$ 14,290	$ 72,984	$ 136,612	$ 25,518	$ 249,404
Acquired separately	15,889	46,378	-	-	62,267
Reclassifications	-	148	-	-	148
Amortisation	(13,471)	(58,417)	-	(6,600)	(78,488)
Net exchange differences	-	(245)	341	261	357
Closing net book amount	$ 16,708	$ 60,848	$ 136,953	$ 19,179	$ 233,688
At December 31, 2018					
Cost	$ 54,183	$ 272,703	$ 136,953	$ 67,720	$ 531,559
Accumulated amortisation	(37,475)	(211,855)	-	(48,541)	(297,871)
	$ 16,708	$ 60,848	$ 136,953	$ 19,179	$ 233,688

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2019	2018
Operating costs	$ 3,186	$ 4,080
Selling expenses	6,819	3,570
Administrative expenses	12,685	21,302
Research and development expenses	51,476	49,536
	$ 74,166	$ 78,488

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment as follows:

	December 31, 2019	December 31, 2018
Asia	$ 54,274	$ 71,944
America	9,436	65,009
	$ 63,710	$ 136,953

C. Goodwill of the Group's America segment is allocated to the cash-generating units identified by WitsLight Technology Co., Ltd. (WT). The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. The key assumptions used for value-in-use calculations are as follows: The value-in-use was discounted at the weighted average cost of

capital's discount rate of 3.33% for the year ended December 31, 2019, to reflect the specific risks relating to the relevant cash-generating units. Due to the fact that WT has incurred continued losses for years, the actual growth of operating revenue is not as expected. For the year ended December 31, 2019, based on WT's assessment, an impairment loss of $55,843 (listed under 'other gains and losses' in the statement of comprehensive income) was recognised for the goodwill of America segment due to the recoverable amount is less than the carrying amount.

D. Goodwill of the Group's Asia segment is allocated to the cash-generating units identified by Zhuzhou Torch Auto Lamp Co., Ltd. (TORCH). The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. The key assumptions used for value-in-use calculations are as follows: The value-in-use was discounted at the weighted average cost of capital's discount rate of 4.48% for the year ended December 31, 2019, to reflect the specific risks relating to the relevant cash-generating units. For the year ended December 31, 2019, based on WT's assessment that its future operating profit will not be as expected, an impairment loss of $15,456 (listed under 'other gains and losses' in the statement of comprehensive income) was recognised for the goodwill of Asia segment due to the recoverable amount is less than the carrying amount.

(13) Non-current assets held for sale

On December 26, 2018, the Group determined to sell investment property held by Hikari in line with future business plans under the resolution of Board of Directors. The asset was then reclassified as held for sale. Its book value measured at fair value amounting to $1,956,546 on December 31, 2018. The transaction was completed in the first quarter of 2019 for the price of JPY 9,500 million and the relevant gain and loss on the disposal is provided in Note 6(27).

A. Basis at fair value:

The Group's non-current assets held for sale are office building land and buildings. Office buildings are located in Tokyo City. They mainly earn from rental revenue. The assumptions used for the year ended December 31, 2018 are as follows:

(a) Details of the Group's non-current assets held for sale are as follows:

	December 31, 2018
The subject	Shinkawa Building
Location	Tokyo, Japan
Valuation method	Income approach
Valuation firm	Panasia
Valuer	Shao You, Chung
Evaluation basis date	November 30, 2018

(b) The Company's office buildings' (including car parks) fair value was evaluated using the discounted cash flow analysis of income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; includes idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulated until the valuation date. Future cash outflow which

consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortization of agent fee, etc., is estimated based on the actual expenses incurred in the current year, considering the Company's current operating results and changes which may occur in the future.

(c) Rent growth rate is evaluated by considering the lease contract and actual market situation. Discount rate is evaluated by risk premium approach which takes the return rate on investment of the most general goods as standard, adopted the floating interest rate on a 2-year time deposits of a small amount, as posted by the Chunghwa Post Co., Ltd. plus 0.75 percentage points; and explore the liquidity, risk level, value-added level and the ease of management of the subject. The rent growth rate and discount rate are as follows:

	December 31, 2018
	Shinkawa Building
Rent growth rate	1.00%
Discount rate	4.10%

B. The fair value information is provided in Note 12(3).

(14) Other non-current assets

	December 31, 2019	December 31, 2018
Long-term prepaid rents - land use right	$ -	$ 443,762
Guarantee deposits paid	115,378	100,234
Prepayments for business facilities	585,315	496,259
Others	237,700	345,066
	$ 938,393	$ 1,385,321

A. The Group recognised rental expense of $10,119 for the year ended December 31, 2018.

B. Information on other non-current assets that were pledged to others as collateral is provided in Note 8.

(15) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank unsecured borrowings	$ 895,000	0.8%~1.05%	None

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank unsecured borrowings	$ 5,643,630	0.45%~1.15%	None

As of December 31, 2019, the Group had issued promissory notes as guarantee for the short-term loans. Please see Note 9(1).

(16) Accounts payable

	December 31, 2019	December 31, 2018
Accounts payable	$ 18,373,426	$ 18,078,035
Estimated accounts payable	5,362,964	4,635,725
	$ 23,736,390	$ 22,713,760

(17) Other payables

	December 31, 2019	December 31, 2018
Marketing allowance payable	$ 3,628,296	$ 2,664,859
Salary payable and annual bonus	1,991,518	1,636,551
Employees' dividends and directors' and supervisors' remuneration payable	1,186,566	775,716
Construction and equipment expense payable	931,518	420,262
Processing expense payable	769,189	668,721
Miscellaneous purchase payable	424,416	500,567
Others	1,939,947	1,641,173
	$ 10,871,450	$ 8,307,849

(18) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2019
Long-term bank borrowings				
TCB	Borrowing period is from November 4, 2019 to February, 2020; interest is repayable until maturity of the principal (Note)	1.797%	None	$ 100,000

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2018
Long-term bank borrowings				
DBS Bank	Borrowing period is from December 1, 2017 to November 29, 2019; interest is repayable until maturity of the principal	0.57%	None	$ 416,956
Sumitomo Mitsui Banking Corporation (Secured borrowings)	Borrowing period is from March 13, 2015 to March 12, 2022; interest is repayable until maturity of the principal	0.78%	Investment property	1,006,224
Less: Current portion (shown as other current liabilities)				(416,956)
				$ 1,006,224

Note: Revolving credit for five years starting from the first drawdown (January, 2016), each credit period is limited to 90 to 180 days.

A. As of December 31, 2019 and 2018, the Group's Chairman had issued promissory notes to guarantee the long-term loans. Please see Note 9(1).

B. Information about the long-term borrowings that were pledged to others as collateral is provided in Note 8.

C. In the fourth quarter of 2018, the Group had signed individual credit contracts with E. Sun Commercial Bank, Land Bank of Taiwan and Hua Nan Commercial Bank for long-term operating use. The contract period is five years, and the loan facilities are $2,000,000, $1,000,000 and $1,000,000, respectively. For the loan facility mentioned above, the Group had pledged partial floors of the headquarters building. For the information on pledged assets, please refer to Note 8.

D. A long-term syndicated loan facility amounting to $4,500,000 (can be drawndown in United States Dollars or New Taiwan Dollars within the total credit facility) for five years was signed by the Company, with Taiwan Cooperative Bank as the lead bank in October 2015. It is to be used for the operations.

The main contents of the contract are as follows:

(a) CP's annual consolidated financial statements should maintain financial ratios as follows:

i. Current ratio is above 100%,

ii. Financial liabilities divided by net tangible assets after subtracting cash and cash equivalents is under 250%,

iii. Time interest earned is above 300%, and

iv. Net tangible assets are above $4,000,000.

The above financial ratios are based on the annual financial statements. If the Company does not conform to the contract, the Company should increase capital by cash or by other means. From the next day of the managing bank's notification until the next interest paid date after the Company conforms to the contract, the lending rates will be increase by 0.125% of the used but unsettled amount of this contract, and it will not be considered a breach of contract. If CP could not adjust the financial ratios by next inspection day (subjected to the consolidated financial statements audited by auditors), the borrower is considered to have violated the contract.

(b) CP should maintain appropriate accounts receivable ratio, which means the total of qualified accounts receivable balance and the compensation accounts balance divided by the remainder of undrawn balance should be above 50%. The remainder of undrawn balance is CP's expected drawdown amounts plus the remainder of undrawn amounts. If the ratio cannot be maintained appropriately, CP should choose any of the following actions to make the accounts receivable ratio comply with the contract within seven days after the managing bank's notification:

i. Provide other qualified accounts receivable which was certified by the managing bank, or,

ii. Repay the loan before maturity, or,

iii. Repay or deposit in compensation accounts to maintain appropriate accounts receivable ratio above (or equal to) 50%.

(c) As part of the contract, the commitment fee should be calculated every three months, which begins six months after CP drawdowns the credit for the first time. During the commitment fee calculation period, if the average drawdown amounts are less than 60% of the total loan facility, the commitment fee should be calculated quarterly, using the difference of actual drawdown amounts and 50% of the total loan facility, multiplied by 0.1%, the annual fee rate, and then pay the managing bank every three months.

(19) Pensions

A. Defined benefit plans: Employee contributions

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 398,989)	($ 394,170)
Fair value of plan assets	176,945	187,285
Net defined benefit liability	($ 222,044)	($ 206,885)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	($ 394,170)	$ 187,285	($ 206,885)
Current service cost	(2,482)	-	(2,482)
Interest (expense) income	(4,039)	1,952	(2,087)
Past service cost	(5,288)	-	(5,288)
	(405,979)	189,237	(216,742)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,476	6,476
Change in demographic assumptions	(1,540)	-	(1,540)
Change in financial assumptions	(10,577)	-	(10,577)
Experience adjustments	(9,670)	-	(9,670)
	(21,787)	6,476	(15,311)
Pension fund contribution	-	10,009	10,009
Paid pension	28,777	(28,777)	-
Balance at December 31	($ 398,989)	$ 176,945	($ 222,044)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 374,673)	$ 174,478	($ 200,195)
Current service cost	(2,685)	-	(2,685)
Interest (expense) income	(4,407)	2,048	(2,359)
	(381,765)	176,526	(205,239)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	5,040	5,040
Change in demographic assumptions	(14,581)	-	(14,581)
Change in financial assumptions	(5,869)	-	(5,869)
Experience adjustments	2,157	-	2,157
	(18,293)	5,040	(13,253)
Pension fund contribution	-	11,607	11,607
Paid pension	5,888	(5,888)	-
Balance at December 31	($ 394,170)	$ 187,285	($ 206,885)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	2019	2018
Discount rate	0.700%~0.750%	0.900%~1.125%
Future salary increases	2.500%~3.000%	2.500%~3.000%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 9,395)	$ 9,745	$ 9,391	($ 9,103)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 9,392)	$ 9,747	$ 9,412	($ 9,120)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2019 and 2018 are the same.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to $9,770.

(g) As of December 31, 2019, the weighted average duration of the retirement plan is 9.1~10.9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	16,171
1-2 year(s)		20,507
2-5 years		80,688
Over 5 years		125,710
	$	243,076

B. Defined contribution plans

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

(b) The overseas subsidiaries of the Company have defined contribution plans.

(c) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $845,897 and $724,282, respectively.

(20) Share-based payment

A. For the year ended December 31, 2019, CP's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	September 27, 2019	6,377 thousand shares	-	Vested immediately

(a) Details of treasury stock transferred to employees are as follows:

	2019	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	6,377	64.26
Options exercised	(6,377)	64.26
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-

(b) The fair value of stock options granted on grant date is measured using the closing price on the grant date less the exercise price.

(c) Expenses incurred on share-based payment transactions are shown below:

	2019
Equity-settled	$ 173,052

The aforementioned options were all exercised on October 30, 2019.

B. For the year ended December 31, 2018, CP's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	March 6, 2018	746 thousand shares	-	Vested immediately

(a) Details of treasury stock transferred to employees are as follows:

	2018	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	746	39.15
Options exercised	(746)	39.15
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-

(b) For the year ended December 31, 2018, the weighted average stock price of options on the exercise date was NT$61.91 (in dollars).

(c) CP's fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Treasury stock transferred to employees	March 6, 2018	NTD 61.2	NTD 39.15	(Note)	0.0411	-	0.25%	NTD 22.05

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

(d) Expenses incurred on share-based payment transactions are shown below:

No such transaction in 2019.

	2018
Equity-settled	$ 16,077

(21) Share capital

A. As of December 31, 2019, the Company's authorised capital was $8,000,000, and the paid-in capital was $7,344,975 with a par value of $10 (in dollars) per share, and the outstanding common stock was 800 million shares.
Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	2019	2018
At January 1	686,640	680,642
Common stock dividends	-	3,620
Employee share compensation	4,118	6,155
Treasury stock transferred to employees	6,377	-
Shares retired	-	(3,591)
Subsidiary received stock dividends from parent company	-	(186)
At December 31	697,135	686,640

B. On March 7, 2019, the Company's Board of Directors approved the employees' stock bonus amounting to $280,000 at the previous closing price of $68 (in dollars) before the day of the Board of Directors' meeting, issuing 4,118 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 3, 2019, and the Company had completed the related registration on April 24, 2019.

C. On September 13, 2018, the Company's Board of Directors during its meeting resolved to purchase treasury shares with the ceiling of 10 million shares to be reissued to employees. As of November 13, 2018 (the expiration of the execution period), the Company has purchased 3,591 thousand treasury shares amounting to $211,419.

D. The stockholders during their meeting held on June 5, 2018 had approved to issue common stock dividends amounting to $36,199. A total of 3,620 thousand shares had been issued and, the Company has obtained a letter of approval from the appropriate authorities. The issue date was set on July 25, 2018, and the Company had completed the related registration on August 8, 2018.

E. On March 9, 2018, the Company's Board of Directors approved the employees' stock bonus amounting to $453,000 at the previous closing price of $73.6 (in dollars) before the day of the Board of Directors' meeting, issuing 6,155 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 3, 2018, and the Company had completed the related registration on April 23, 2018.

F. Treasury stock

(a) Reason for stocks reacquisition and movements in the number of the Company's treasury stocks are as follows:

		December 31, 2019		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	21,174	$ 205,795	$ 89.00
HEC	For investment	16,189	105,482	89.00
		37,363	$ 311,277	

		December 31, 2018		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
The Company	To be reissued to employees	6,377	$ 417,307	$ 62.60
UNIKEY	For investment	21,174	205,795	62.60
HEC	For investment	16,189	105,482	62.60
		43,740	$ 728,584	

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) Details of treasury stock transferred to employees are provided in Note 6(20).

(22) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

A summary of the Company's capital surplus as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Share premium	$ 3,527,510	$ 3,288,686
Treasury share transactions	1,589,835	1,283,533
Difference between consideration and carrying amount of subsidiaries acquired or disposed	421,988	533,586
Changes in ownership interests in subsidiaries	573,501	526,957
Others	1,171	1,171
	$ 6,114,005	$ 5,633,933

(23) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, if any; and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and as special reserve in accordance to relevant regulations when necessary; and the remainder, if any, to be appropriated shall be presented by the Board of Directors and resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy is summarised below: the Company is in the development of electronics industry, the dividend policy should be formulated by achieving both targets that supply the new products capital requirement and increase the return on shareholders' investment. Therefore, the total dividend each year cannot be above of the total distributable earnings, and the cash dividend cannot be less than 90% of the total dividend paid. The ratio is restricted until the total distributable common stock dividends reach $0.5 per share.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The Company elected to reclassify the unrealised revaluation increment and cumulative translation adjustment to unappropriated earnings and accrue special reserve by $433,524 on initial application of IFRSs.

E. The appropriations of 2018 and 2017 earnings had been resolved at the shareholders' meeting on June 5, 2019 and June 7, 2018, respectively, and the details are summarised below:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 359,071		$ 402,153	
Special reserve	1,244,101		1,427,780	
Stock dividends	-	$ -	36,199	$ 0.05
Cash dividends	2,766,858	3.80	3,221,684	4.45

F. Subsequent events: The appropriations of 2019 earnings had been proposed at the Board of Directors' meeting on March 10, 2020. However, the appropriations of earnings for 2019 has not yet been resolved by the shareholders' in 2020. Details are summarised below:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 583,882	
Special reserve	185,424	
Cash dividends	4,362,816	$ 5.90

As of March 10, 2020, the aforementioned appropriations of 2019 earnings has not yet been resolved by the shareholders.

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(30).

(24) Other equity items

	2019			
	Currency translation	Unrealised gains (losses) on valuation	Revaluaion increment	Total
At January 1	($ 985,814)	($ 3,460,880)	$ 1,381,667	($ 3,065,027)
Revaluation				
-Group	-	322,426	-	322,426
-Transfer	-	540,517	-	540,517
Currency translation differences:				
-Group	(1,121,851)	-	-	(1,121,851)
-Associates	(7,726)	-	-	(7,726)
At December 31	($ 2,115,391)	($ 2,597,937)	$ 1,381,667	($ 3,331,661)

	2018				
	Currency translation	Available-for-sale investment	Unrealised gains (losses) on valuation	Revaluaion increment	Total
At January 1	($ 1,009,474)	($ 2,203,492)	$ -	$ 1,388,279	($ 1,824,687)
Effect of retrospective application and restatement	-	2,203,492	(3,108,883)	-	(905,391)
At January 1 after adjustments	(1,009,474)	-	(3,108,883)	1,388,279	(2,730,078)
Revaluation					
-Group	-	-	(395,629)	155,281	(240,348)
-Tax on Group	-	-	-	(161,893)	(161,893)
-Transfer	-	-	43,632	-	43,632
Currency translation differences:					
-Group	22,123	-	-	-	22,123
-Associates	1,537	-	-	-	1,537
At December 31	($ 985,814)	$ -	($ 3,460,880)	$ 1,381,667	($ 3,065,027)

(25) Operating revenue

A. Disaggregation of revenue from contracts with customers

Year ended December 31, 2019	Taiwan	Mainland China	America	Europe	Total
Revenue from contracts with customers					
Electronic component products	$ 29,628,437	$ 15,182,514	$ 848,791	$ 244	$ 45,659,986
Consumer electronic products and other electronic products	28,939,447	15,167,507	1,224,949	683,333	46,015,236
Others	118,252	755,110	1,872	1,869	877,103
	$ 58,686,136	$ 31,105,131	$ 2,075,612	$ 685,446	$ 92,552,325

Year ended December 31, 2018	Taiwan	Mainland China	America	Europe	Total
Revenue from contracts with customers					
Electronic component products	$ 26,993,734	$ 14,393,349	$ 522,734	$ 112	$ 41,909,929
Consumer electronic products and other electronic products	25,513,774	16,760,396	1,744,214	553,041	44,571,425
Others	143,915	627,232	6,706	1,199	779,052
	$ 52,651,423	$ 31,780,977	$ 2,273,654	$ 554,352	$ 87,260,406

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities	$ 147,815	$ 145,243	$ 166,989

C. Contract liability balance at the beginning of 2019 and 2018 was all included in the operating revenue.

(26) Other income

	Years ended December 31,	
	2019	2018
Rental revenue	$ 62,634	$ 164,363
Interest income	62,299	50,882
Dividend income	214,688	231,228
Others	366,647	353,144
	$ 706,268	$ 799,617

(27) Other gains and losses

	Years ended December 31,	
	2019	2018
Net (loss) gain on financial assets and liabilities at fair value through profit or loss - derivative instruments	($ 529,054)	$ 449,292
Net gain (loss) on financial assets and liabilities at fair value through profit or loss - others	1,181,949	(530,390)
Net currency exchange gain (loss)	277,489	(61,534)
Loss on disposal of property, plant and equipment	(39,982)	(15,161)
Gain on disposal of non-current assets held for sale	645,713	-
Impairment on non-financial assets	(71,299)	-
Gain on disposal of investments	73,665	-
Gain on fair value adjustment of investment property	64,552	31,930
Others	(281,810)	(129,282)
	$ 1,321,223	($ 255,145)

(28) Finance costs

	Years ended December 31,	
	2019	2018
Interest expense:		
Bank borrowings	$ 116,569	$ 159,244
Lease liability	16,616	-
Less: Capitalisation of qualifying assets	(10,054)	(16,209)
	$ 123,131	$ 143,035

(29) Expenses by nature

	Year ended December 31, 2019		
	Cost of revenue	Operating expense	Total
Employee benefit expense	$ 7,927,560	$ 4,804,439	$ 12,731,999
Depreciation on property, plant and equipment	1,862,233	389,637	2,251,870
Amortisation on intangible assets	3,186	70,980	74,166
Other non-current assets transferred to expense	40,843	65,227	106,070

	Year ended December 31, 2018		
	Cost of revenue	Operating expense	Total
Employee benefit expense	$ 7,474,691	$ 3,812,901	$ 11,287,592
Depreciation on property, plant and equipment	1,741,026	302,486	2,043,512
Amortisation on intangible assets	4,080	74,408	78,488
Other non-current assets transferred to expense	32,849	24,990	57,839
Long-term lease amortisation	-	10,119	10,119

(30) Employee benefit expense

	Year ended December 31, 2019		
	Cost of revenue	Operating expense	Total
Wages and salaries	$ 6,740,424	$ 4,308,037	$ 11,048,461
Labor and health insurance fees	85,942	174,927	260,869
Pension costs	683,558	172,196	855,754
Other personnel expenses	417,636	149,279	566,915
	$ 7,927,560	$ 4,804,439	$ 12,731,999

	Year ended December 31, 2018		
	Cost of revenue	Operating expense	Total
Wages and salaries	$ 6,276,348	$ 3,378,625	$ 9,654,973
Labor and health insurance fees	78,088	148,825	226,913
Pension costs	575,269	154,056	729,325
Other personnel expenses	544,986	131,395	676,381
	$ 7,474,691	$ 3,812,901	$ 11,287,592

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 11% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $838,112 and $503,034, respectively; directors' and supervisors' remuneration was accrued at $52,070 and $31,252, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 11.74% and 0.73% of distributable profit of current year for the year ended December 31, 2019, respectively. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $838,112 and $52,070, respectively.

Employees' compensation of $503,034 and directors' and supervisors' remuneration of $31,252 for 2018 as resolved at the meeting of Board of Directors were in agreement with those amounts

recognised in the 2018 financial statements. For the year ended December 31, 2018, 4,118 thousand shares of stock were issued as employee compensation, and the number of shares were calculated based on the closing price of $68 (in dollars) on the day before the Board of Directors' meeting.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 1,161,713	$ 1,163,272
Tax on undistributed surplus earnings	1,455	-
Prior year income tax over estimation	(8,582)	(75,427)
Total current tax	1,154,586	1,087,845
Deferred tax:		
Origination and reversal of temporary differences	231,398	(20,125)
Impact of change on tax rate	-	(11,157)
Total deferred tax	231,398	(31,282)
Income tax expense	$ 1,385,984	$ 1,056,563

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2018
Land value increment tax from revaluation	$ 150,136
Impact of change on tax rate	11,757
	$ 161,893

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 1,560,851	$ 1,070,893
Effect from items adjusted in accordance with tax regulation	(157,740)	61,097
Effect from investment tax credits	(10,000)	-
Prior year income tax overestimation	(8,582)	(75,427)
Undistributed earnings	1,455	-
Income tax expense	$ 1,385,984	$ 1,056,563

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2019		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Provision for inventory price decline	$ 24,741	$ 17,252	$ 41,993
Unrealised accrued expenses	21,699	30,740	52,439
Unrealised compensation revenue	42,940	549	43,489
Others	8,578	5,840	14,418
	$ 97,958	$ 54,381	$ 152,339
-Deferred tax liabilities:			
Fair value adjustment of investment property	($ 284,860)	($ 109,391)	($ 394,251)
Unrealised exchange gain	(10,003)	(98,545)	(108,548)
Temporary differences of fixed assets for tax and financial purposes	(2,241)	103	(2,138)
Others	(450)	(77,946)	(78,396)
	($ 297,554)	($ 285,779)	($ 583,333)

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:	$ 17,987	$ 6,754	$ -	$ 24,741
Provision for inventory price decline	76	(76)	-	-
Allowance for doubtful accounts in excess of tax limit	66,357	(44,658)	-	21,699
Unrealised accrued expenses	45,088	(2,148)	-	42,940
Unrealised compensation revenue	565	(565)	-	-
Impairment loss				
Fair value adjustment of investment property	22,500	(22,500)	-	-
Others	9,723	(1,145)	-	8,578
	$ 162,296	($ 64,338)	$ -	$ 97,958
-Deferred tax liabilities:				
Fair value adjustment of investment property	($ 122,899)	($ 68)	($ 161,893)	($ 284,860)
Unrealised exchange gain	(104,967)	94,964	-	(10,003)
Temporary differences of fixed assets for tax and financial purposes	(2,943)	702	-	(2,241)
Others	(472)	22	-	(450)
	($ 230,809)	$ 95,598	($ 161,893)	($ 297,554)

D. On December 31, 2018, expiration dates of unused net operating loss carryforward and amounts of unrecognised deferred tax assets of domestic subsidiaries are as follows, and the Company disposed this subsidiary in 2019:

	December 31, 2018			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	$ 13,233	$ 13,233	$ 13,233	2020
2011	12,688	12,688	12,688	2021
2012	10,162	10,162	10,162	2022
2013	8,559	8,559	8,559	2023
2014	7,873	7,873	7,873	2024
2015	14,500	14,500	14,500	2025
2016	7,867	7,867	7,867	2026
2017	1,188	1,188	1,188	2026

E. As of December 31, 2019 and 2018, the amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2019	December 31, 2018
Deductible temporary differences	$ 1,057,760	$ 1,338,526

F. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 5,838,817	691,107	$ 8.45
Diluted earnings per share			
Employees' bonus	-	10,149	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 5,838,817	701,256	$ 8.33

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,590,711	688,299	$ 5.22
Diluted earnings per share			
Employees' bonus	-	9,164	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,590,711	697,463	$ 5.15

The above weighted-average outstanding shares of common stock have been adjusted according to the earnings distribution approved by the Board of Directors and stockholders.

(33) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2019	2018
Purchase of property, plant and equipment	$ 3,029,116	$ 2,249,093
Add: Opening balance of payable on equipment	420,262	385,725
Less: Ending balance of payable on equipment	(468,052)	(420,262)
Cash paid during the year	$ 2,981,326	$ 2,214,556

(34) Changes in liabilities from financing activities

	2019			
	Short-term borrowings	Long-term borrowings	Lease liability	Total
At January 1	$ 5,643,630	$ 1,423,180	$ 470,130	$ 7,536,940
Changes in cash flow from financing activities	(4,752,915)	(1,343,449)	(93,320)	(6,189,684)
Impact of changes in foreign exchange rate	4,285	20,269	(7,550)	17,004
Changes in other non-cash items	-	-	113,509	-
At December 31	$ 895,000	$ 100,000	$ 482,769	$ 1,477,769

	2018		
	Short-term borrowings	Long-term borrowings	Total
At January 1	$ 4,246,383	$ 1,831,281	$ 6,077,664
Changes in cash flow from financing activities	1,397,247	(480,000)	917,247
Impact of changes in foreign exchange rate	-	71,899	71,899
At December 31	$ 5,643,630	$ 1,423,180	$ 7,066,810

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Newmax Technology Co., Ltd.	Other related party
Clevo Co.	Other related party
Hongwell	Other related party
Chicony Square	Other related party
Kapok Computer (Kunshan) Co., Ltd.	Other related party
Buynow Group (includinig Loyang, Anshan, Quanzhou, Zhengzhou, etc)	Other related party
Far win (Kunshan) Co., Ltd.	Other related party
Far win (Dong guan) Co., Ltd.	Other related party
ShunOn Electronic Co.	Other related party
Jiaxing Chunxiang Electronic Technology Co., Ltd.	Other related party
Chongqing Chunxiang Electronic Technology Co., Ltd.	Other related party
Jim Yu Plastic Electronic (Wujiang) Co., Ltd.	Other related party
Cheung Shun (Wujiang) Plastic Processing Technology Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2019	2018
Sales of goods:		
Other related parties	$ 926,516	$ 844,038

The terms of the sales to related parties were the same as those to third parties.

B. Purchases:

	Years ended December 31,	
	2019	2018
Purchases of goods:		
Other related parties	$ 1,625,025	$ 1,688,955

The terms of the purchases from related parties were the same as those to third parties.

C. Receivables from related parties:

	December 31, 2019	December 31, 2018
Accounts receivable:		
Other related parties	$ 332,350	$ 314,182

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There was no allowance for doubtful accounts pertaining to accounts receivable from related parties.

D. Payables to related parties:

	December 31, 2019	December 31, 2018
Accounts payable:		
Other related parties	$ 415,577	$ 300,503

The payables from related parties arise mainly from purchase transactions. The payables are unsecured in nature and bear no interest.

E. Property transactions

		Years ended December 31,	
		2019	2018
	Accounts	Consideration	Consideration
Other related parties	Investments accounted for using equity method	$ 166,582	$ -
Other related parties	Property, plant and equipment	-	243

The consideration of $166,582 paid for acquiring 40% shares in Swift Success Holdings Limited for the year ended December 31, 2019 was determined by reference to the entity's appraisal report.

F. Dividend income:

	Years ended December 31,	
	2019	2018
Other related parties	$ 65,188	$ 54,577

(3) Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 338,686	$ 307,333
Termination benefits	2,143	2,691
	$ 340,829	$ 310,024

8. PLEDGED ASSETS

(1) The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2019	Book value December 31, 2018	Purpose
Refundable deposits (shown as other non-current assets)	$ 115,378	$ 100,234	Deposits and guarantee for plant and operating leases
Property, plant and equipment	1,092,657	1,214,224	Long-term borrowings and short-term borrowings
Investment property (Note)	3,076,801	5,029,563	Long-term borrowings and short-term borrowings
	$ 4,284,836	$ 6,344,021	

Note: The investment property of $1,956,546, which was measured at fair value on December 31, 2018, was reclassified as 'non-current assets classified as held for sale, net' on December 26, 2018.

(2) As of December 31, 2019 and 2018, UNIKEY has pledged the Company's common stock (shown as "treasury stock") amounting to 8,500,000 shares, as collateral for loans.

(3) As of December 31, 2019 and 2018, HEC has pledged the Company's common stock (shown as "treasury stock") amounting to 12,600,000 shares, as collateral for loans.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2019, for bank loans, financing forward exchange contracts, bill purchased and accounts receivable factoring purposes, the Group provided standby promissory notes totaling $43,090,357 as security.

(2) On December 27, 2018, the subsidiaries, Chicony Power Technology (Suzhou) Co., Ltd. and Suzhou Weiye Group Co., Ltd., signed a construction contract amounting to RMB 247,825 thousand ($1,103,069) and the subcontract work will follow the construction schedule. As of December 31, 2019, capital expenditures for the contract but not yet incurred amounted to RMB 83,071 thousand ($357,645).

(3) Apart from item(2) above, the amounts of unpaid payment for construction in progress and acquisition of machinery and equipment are as follows:

December 31, 2019	December 31, 2018
$ 482,846	$ 685,353

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Please see Notes 6(23) and 6(30) for the details on appropriation of the 2019 earnings.

(2) The Group sold partial residential compound building (shown as investment property) in condominium located in Sanchong District, New Taipei City with estimated amount of over $488,820 to the employees of the Group and the qualified related parties.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 5,580,208	$ 6,310,347
Financial assets at fair value through other comprehensive income - designation of equity instrument	3,507,472	3,778,232
Financial assets at amortised cost		
Cash and cash equivalents	4,136,522	1,952,439
Financial assets at amortised cost	482,573	-
Notes receivable	153,736	360,995
Accounts receivable (including related parties)	20,516,388	17,929,998
Other receivables	160,242	314,508
Guarantee deposits paid	115,378	100,234
	$ 34,652,519	$ 30,746,753

	December 31, 2019	December 31, 2018
Financial liabilities		
Financial liabilities at fair value through profit or loss	$ 550,620	$ 70,777
Financial liabilities at amortised cost		
Short-term borrowings	895,000	5,643,630
Notes payable	26,342	1,720
Accounts payable (including related parties)	24,151,967	23,014,263
Other accounts payable	10,871,450	8,307,849
Long-term borrowings (including current portion)	100,000	1,423,180
Lease liability	482,769	-
	$ 37,078,148	$ 38,461,419

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange contracts and foreign exchange swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is

measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Group hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019				Year ended December 31, 2019		
					Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	USD 568,676	30.0100	$ 17,065,967	1%	$ 170,660	$ -
USD:RMB (Note)	USD 1,226,574	6.9693	36,809,486	1%	368,095	-
Financial liabilities						
Monetary items						
USD:NTD	USD 1,195,664	30.0100	$ 35,881,877	1%	$ 358,819	$ -
USD:RMB (Note)	USD 742,917	6.9693	22,294,939	1%	222,949	-
USD:THB (Note)	USD 33,422	29.9500	1,002,994	1%	10,030	-

	December 31, 2018				Year ended December 31, 2018		
					Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	USD 419,030	30.7150	$ 12,870,506	1%	$ 128,705	$ -
USD:RMB (Note)	USD 1,031,996	6.8668	31,697,757	1%	316,978	-
Financial liabilities						
Monetary items						
USD:NTD	USD 965,727	30.7150	$ 29,662,305	1%	$ 296,623	$ -
USD:RMB (Note)	USD 812,912	6.8668	24,968,592	1%	249,686	-
JPY:USD (Note)	JPY 3,930,437	0.0091	1,098,583	1%	10,986	-

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018, amounted to $277,489 and ($61,534), respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of fincial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $52,539 and $56,416, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $35,075 and $37,782, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2019 and 2018, the Group's borrowings at variable rate were denominated in the NTD, USD and JPY.

At December 31, 2019 and 2018, if market interest rates had been 0.25% higher with all other variables held constant, other comprehensive income for the years ended December 31, 2019 and 2018 would have been $419 and $4,084 higher, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.

ii. According to the Group's internal management policy, the Group only trades with the good credit bank. According to the credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

v. According to the Group's internal management policy, the default occurs when the contract payments are past due over 360 days.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). On December 31, 2019 and 2018, the provision matrix is as follows:

December 31, 2019	Expected loss rate	Total book value	Loss allowance
Not past due	0%~0.6%	$ 20,016,910	$ 28,433
1-30 days past due	2%~18%	323,535	1,276
31-120 days past due	3%~30%	309,054	103,590
121-125 days past due	20%~30%	268	80
Over 360 days past due	100%	43,398	43,398
		$ 20,693,165	$ 176,777

December 31, 2018	Expected loss rate	Total book value	Loss allowance
Not past due	0%~0.6%	$ 17,318,148	$ 24,132
1-30 days past due	2%~18%	334,648	9,077
31-120 days past due	3%~30%	441,145	139,088
121-125 days past due	20%~30%	11,453	3,099
Over 360 days past due	100%	53,228	53,228
		$ 18,158,622	$ 228,624

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2019	2018
	Accounts receivable	Accounts receivable
At January 1	$ 228,624	$ 101,554
Provision for impairment	-	148,756
Reversal of impairment	(37,075)	-
Effect of foreign exchange	(14,772)	(21,686)
At December 31	$ 176,777	$ 228,624

ix. Movements in loss allowance for investments in debt instruments carried at amortised cost are as follows:

	December 31, 2019			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 482,573	$ -	$ -	$ 482,573

The financial assets at amortised cost held by the Group are expected loss rate unrecognised loss allowance amounted $0.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2019 and 2018, the Group held money market position of $10,967,380 and $8,809,544, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2019	December 31, 2018
Floating rate:		
Expiring within one year	$ 26,105,280	$ 19,294,552
Expiring beyond one year	7,950,000	8,500,000
	$ 34,055,280	$ 27,794,552

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2019 Non-derivative financial liabilities	Less than 1 year	Over 1 year
Short-term borrowings	$ 895,591	$ -
Notes payable	26,342	-
Accounts payable (including related parties)	24,151,967	-
Other payables	10,871,450	-
Lease liability	134,013	396,820
Long-term borrowings (including current portion)	-	100,172
Derivative financial liabilities:		
Financial liabilities at fair value through profit or loss	$ 550,620	$ -

December 31, 2018		
Non-derivative financial liabilities	Less than 1 year	Over 1 year
Short-term borrowings	$ 5,648,775	$ -
Notes payable	1,720	-
Accounts payable (including related parties)	23,014,263	-
Other payables	8,307,849	-
Long-term borrowings (including current portion)	419,124	1,031,220
Derivative financial liabilities:		
Financial liabilities at fair value through profit or loss	$ 70,777	$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks (including emerging stocks), beneficiary certificates and convertible bonds, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments and investment property is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, accounts payable and other payables (including related parties) are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2019 and 2018 are as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Assets				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	$ 3,375,279	$ -	$ -	$ 3,375,279
Debt securities	263,000	-	-	263,000
Beneficiary certificates	220,465	-	-	220,465
Non-hedging derivatives				
Forward exchange contracts	-	63,320	-	63,320
Financial assets mandatorily measured at fair value through profit or loss-non-current				
Equity securities	-	-	862,505	862,505
Beneficiary certificates	57,240	-	738,399	795,639
Financial assets at fair value through other comprehensive income - current				
Equity securities	2,983,854	-	-	2,983,854
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	18,735	504,883	523,618
Investment property (Note 1)	-	-	6,447,876	6,447,876
	$ 6,899,838	$ 82,055	$ 8,553,663	$ 15,535,556

	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	$ -	$ 546,310	$ -	$ 546,310
Exchange rate swaps	-	4,310	-	4,310
	$ -	$ 550,620	$ -	$ 550,620

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	$ 3,064,273	$ -	$ -	$ 3,064,273
Debt securities	318,468	-	-	318,468
Beneficiary certificates	583,594	-	-	583,594
Non-hedging derivatives				
Forward exchange contracts	-	350,252	-	350,252
Financial assets mandatorily measured at fair value through profit or loss -non-current				
Equity securities	-	-	638,727	638,727
Beneficiary certificates	597,331	-	757,702	1,355,033
Financial assets at fair value through other comprehensive income - current				
Equity securities	2,920,108	-	-	2,920,108
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	30,813	827,311	858,124
Investment property (Note 1)	-	-	5,537,730	5,537,730
Non-recurring fair value measurements				
Non-current assets held for sale (Note 2)	-	-	1,956,546	1,956,546
	$ 7,483,774	$ 381,065	$ 9,718,016	$ 17,582,855

December 31, 2018	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	$ -	$ 68,161	$ -	$ 68,161
Exchange rate swaps	-	2,616	-	2,616
	$ -	$ 70,777	$ -	$ 70,777

Note 1: Investment property measured at fair value.

Note 2: Under IFRS 5, assets held for sale must be measured at fair value less costs to sell when the fair value less the cost to sell is lower than the carrying amount.

(b) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Emerging stock	Open-end fund	Convertible bond
Market quoted price	Closing price	Average trades price	Net asset value	Closing

D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019		
	Beneficiary certificates	Equity instruments	Total
At January 1	$ 757,702	$ 1,466,038	$ 2,223,740
Acquired in the period	17,489	151,164	168,653
Sold in the period	-	(312,954)	(312,954)
Recognised in profit or loss	(25,981)	72,729	46,748
Recognised in other comprehensive income	-	(19,467)	(19,467)
Effect of exchange rate changes	(10,811)	9,878	(933)
At December 31	$ 738,399	$ 1,367,388	$ 2,105,787
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2019 (Recorded as non-operating income and expense)	($ 25,981)	$ 72,729	$ 46,748

	2018		
	Beneficiary certificates	Equity instruments	Total
At January 1	$ 626,028	$ 1,586,751	$ 2,212,779
Acquired in the period	79,141	30,182	109,323
Sold in the period	-	(106,697)	(106,697)
Recognised in profit or loss	40,160	(20,369)	19,791
Recognised in other comprehensive income	-	(43,809)	(43,809)
Effect of exchange rate changes	12,373	19,980	32,353
At December 31	$ 757,702	$ 1,466,038	$ 2,223,740
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2019 (Recorded as non-operating income and expense)	$ 40,160	($ 20,369)	$ 19,791

Information about the movements of the investment property in Level 3 is provided in Note 6(11).

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 177,890	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	1,189,498	Net asset value	N/A	-	N/A
Venture capital shares					
Private equity fund investment	738,399	Net asset value	N/A	-	N/A
Investment property	6,447,876	Income approach	Revenue growth rate, Discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 224,870	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	1,241,168	Net asset value	N/A	-	N/A
Venture capital shares					
Private equity fund investment	757,702	Net asset value	N/A	-	N/A
Investment property	5,537,730	Income approach	Revenue growth rate, Discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value
Non-current assets held for sale	1,956,546	Income approach	Revenue growth rate, Discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Market approach, Net asset value	±1%	$ 8,625	($ 8,625)	$ 5,049	($ 5,049)
Beneficiary certificates	Net asset value	±1%	7,384	(7,384)	-	-
			$ 16,009	($ 16,009)	$ 5,049	($ 5,049)

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Market approach, Net asset value	±1%	$ 6,387	($ 6,387)	$ 8,273	($ 8,273)
Beneficiary certificates	Net asset value	±1%	7,577	(7,577)	-	-
			$ 13,964	($ 13,964)	$ 8,273	($ 8,273)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 6.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 7.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 8.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 13(1).

14. SEGMENT INFORMATION

(1) General information

The Group operates business from a geographic perspective; geographically, the Group currently focuses on wholesale in Taiwan, Mainland China, America, and Europe.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on a measure of adjusted EBITDA. Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group central treasury, which manages the cash position of the group. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2019

	Taiwan	Asia	America	Europe	Reconciliation and elimination	Total
Revenue from external customers	$ 58,686,136	$ 31,105,131	$ 2,075,612	$ 685,446	$ -	$ 92,552,325
Inter-segment revenue	1,906,773	96,385,866	15,355,982	4,351	(113,652,972)	-
Segment revenue	$ 60,592,909	$ 127,490,997	$ 17,431,594	$ 689,797	($ 113,652,972)	$ 92,552,325
Segment profit	$ 2,394,160	$ 5,143,541	$ 612,683	$ 7,938	$ 543,249	$ 8,701,571

Year ended December 31, 2018

Revenue from external customers	$ 52,651,423	$ 31,780,977	$ 2,273,654	$ 554,352	$ -	$ 87,260,406
Inter-segment revenue	2,051,773	79,534,924	35,145,844	4,861	(116,737,402)	-
Segment revenue	$ 54,703,196	$ 111,315,901	$ 37,419,498	$ 559,213	($ 116,737,402)	$ 87,260,406
Segment profit	$ 2,008,705	$ 4,294,780	$ 447,277	($ 6,100)	$ 94,832	$ 6,839,494

The adoption of IFRS 16, 'Leases', had the following impact on the segment information in 2019.

	Taiwan	Asia	America	Europe	Total
Depreciation expense increased	$ 29,553	$ 84,105	$ 3,614	$ -	$ 117,272

(4) Reconciliation for segment income

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2019 and 2018 is provided as follows:

	Years ended December 31,	
	2019	2018
Reportable segments income	$ 8,701,571	$ 6,839,494
Related loss not yet classified	(2,432,106)	(2,189,958)
Total non-operating income and expenses	1,919,271	385,936
Income before tax from continuing operations	$ 8,188,736	$ 5,035,472

(5) Information on products and services

Revenue from third parties is mainly derived from the sale of computer peripheral products, consumer electronic products and other electronic products as follows:

	Years ended December 31,	
	2019	2018
Electrical components	$ 45,659,986	$ 41,909,929
Consumer and other electronic products	46,015,236	44,571,425
Others	877,103	779,052
	$ 92,552,325	$ 87,260,406

(6) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Domestic	$ 58,686,136	$ 3,462,185	$ 52,651,423	$ 3,416,312
Asia	31,105,131	11,163,877	31,780,977	10,309,547
US	2,075,612	51,398	2,273,654	163,144
Europe	685,446	861	554,352	1,202
	$ 92,552,325	$ 14,678,321	$ 87,260,406	$ 13,890,205

The Group's geographical revenue information is determined based on the area collecting the accounts receivable.

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but excluding financial assets and deferred income tax assets.

(7) Major customer information

For the years ended December 31, 2019 and 2018, details of revenue from which customers accounted for at least 10% of operating revenues in the consolidated comprehensive income statement are as follows:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Revenue	Segment	Revenue	Segment
A customer	$ 10,440,897	Asia	$ 6,300,948	Asia

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
					(Note 4)	(Note 5)			(Note 3)						(Note 1,2)	(Note 1,2)	
0	The Company	Qun-Jing	Other receivables	Yes	$ 400,000	$ 200,000	$ 192,000	1.00%	2	$ -	Working capital	$ -	-	$ -	$ 8,180,513	$ 10,907,350	-
0	The Company	Quansun	"	"	1,300,000	650,000	603,000	1.00%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
0	The Company	UNIKEY	"	"	3,200,000	1,600,000	1,251,500	1.00%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
0	The Company	CET	"	"	627,900	600,200	150,050	1.00%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 20,000)	(USD 20,000)	(USD 5,000)										
1	CGI	The Company	"	"	1,004,640	960,320	729,243	2%-2.6%	2	-	"	-	-	-	US$ 110,376	US$ 110,376	-
					(USD 32,000)	(USD 32,000)	(USD 24,300)										
2	COI	CGI	"	"	6,008,925	3,601,200	3,526,465	1%-1.7%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 195,000)	(USD 120,000)	(USD 117,510)										
2	COI	CET	"	"	94,815	60,020	55,657	1.1%-1.5%	2	-	"	-	-	-	US$ 303,020	US$ 303,020	-
					(USD 3,000)	(USD 2,000)	(USD 1,855)										
2	COI	KUM	"	"	244,000	240,080	207,369	1.00%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 8,000)	(USD 8,000)	(USD 6,910)										
2	COI	CEM5	"	"	153,800	-	-	-	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 5,000)												
3	Mao-Feng	The Company	"	"	926,850	-	-	-	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 30,000)												
3	Mao-Feng	CGI	"	"	1,011,360	960,320	875,296	1.2%-1.3%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 32,000)	(USD 32,000)	(USD 29,167)										
4	CEM3	Mao-Qun	"	"	351,280	172,240	172,240	2.00%	2	-	"	-	-	-	$ 8,180,513	RMB 1,938,379	-
					(RMB 80,000)	(RMB 40,000)	(RMB 40,000)										
5	CEM5	CPDG	"	"	520,320	516,720	516,720	1.5%-1.7%	2	-	"	-	-	-	RMB 565,610	RMB 565,610	-
					(RMB 120,000)	(RMB 120,000)	(RMB 120,000)										
5	CEM5	CEM3	"	"	298,870	279,890	279,890	1.50%	2	-	"	-	-	-	RMB 565,610	RMB 565,610	-
					(RMB 65,000)	(RMB 65,000)	(RMB 65,000)										
5	CEM5	XAVi Suzhou	"	"	474,228	163,628	86,120	2.00%	2	-	"	-	-	-	RMB 226,244	RMB 226,244	-
					(RMB 108,000)	(RMB 38,000)	(RMB 20,000)										
6	HOI	CGI	"	"	2,228,153	2,054,515	2,054,515	1%-2%	2	-	"	-	-	-	US$ 90,684	US$ 90,684	-
					(USD 70,500)	(USD 68,461)	(USD 68,461)										
6	HOI	RealYoung	"	"	107,457	102,034	102,034	1.00%	2	-	"	-	-	-	US$ 90,684	US$ 90,684	-
					(USD 3,400)	(USD 3,400)	(USD 3,400)										
6	HOI	HEC	"	"	568,890	501,167	474,158	1.2%-2%	2	-	"	-	-	-	US$ 36,273	US$ 36,273	-
					(USD 18,000)	(USD 16,700)	(USD 15,800)										
7	CP	CPUS	"	"	189,630	180,060	156,052	1.70%	2	-	"	-	-	-	$ 3,313,477	$ 3,313,477	-
					(USD 6,100)	(USD 6,000)	(USD 5,200)										
7	CP	CPHK	"	"	1,517,040	1,440,480	1,301,534	1.70%	2	-	"	-	-	-	$ 3,313,477	$ 3,313,477	-
					(USD 48,000)	(USD 48,000)	(USD 43,370)										
7	CP	CPTH	"	"	91,500	90,030	360	1.70%	2	-	"	-	-	-	$ 3,313,477	$ 3,313,477	-
					(USD 3,000)	(USD 3,000)	(USD 12)										

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					(Note 4)	(Note 5)			(Note 3)						(Note 1,2)	(Note 1,2)	
7	CP	WTS	Other receivables	Yes	$ 63,210 (USD 2,000)	$ 60,020 (USD 2,000)	$ 34,632 (USD 1,154)	1.70%	2	-	Working capital	-	-	-	$ 3,313,477	$ 3,313,477	-
7	CP	CT	"	"	90,000	45,000	27,600	1.5%-1.7%	2	-	"	-	-	-	$ 3,313,477	$ 3,313,477	-
8	CPI	CPUS	"	"	173,828 (USD 5,500)	-	-	1.60%	2	-	"	-	-	-	$ 2,485,108	$ 3,313,477	-
8	CPI	CPHK	"	"	1,295,805 (USD 41,000)	-	-	1.60%	2	-	"	-	-	-	$ 2,485,108	$ 3,313,477	-
8	CPI	WTS	"	"	41,087 (USD 1,300)	-	-	2.00%	2	-	"	-	-	-	US$ 75,057	US$ 75,057	-
9	WTS	WT	"	"	44,247 (USD 1,400)	-	-	2.00%	2	-	"	-	-	-	US$ 2,049	US$ 2,049	-
10	CPSZ	WTK	"	"	16,553 (RMB 3,600)	-	-	1.60%	2	-	"	-	-	-	RMB 227,964	RMB 227,964	-
10	CPSZ	Zhuzhou Torch Auto Lamp Co., Ltd.	"	"	331,056 (RMB 72,000)	-	-	1.60%	2	-	"	-	-	-	RMB 227,964	RMB 227,964	-
11	CPDG	Zhuzhou Torch Auto Lamp Co., Ltd.	"	"	257,070 (RMB 57,000)	245,442 (RMB 57,000)	244,581 (RMB 56,800)	1.60%	2	-	"	-	-	-	RMB 106,956	RMB 106,956	-
11	CPDG	WTK	"	"	16,236 (RMB 3,600)	15,502 (RMB 3,600)	15,502 (RMB 3,600)	1.60%	2	-	"	-	-	-	RMB 106,956	RMB 106,956	-

Note 1: In accordance with the financing procedures of the Company, total financing amount should not exceed 40% of the Company's stockholders' equity and

a. the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity for the purpose of loan.

c. for the purpose of loan between the Company's foreign subsidiaries or from foreign subsidiaries to the Company, for which the Company both have 100% shares directly or indirectly, the financing amount to single company should not exceed 100% of the subsidiaries' stockholders' equity and 30% of the company 's stockholders' equity, and the total financing amount should not exceed 100% of the subsidiaries' stockholders' equity and 40% of the company 's stockholders' equity, and the lending period may not exceed 3 years.

d. except for c., the financing period should not exceed one year.

Note 2: In accordance with the financing procedures of the subsidiary, total financing amount should not exceed 40% of the subsidiary's stockholders' equity and

a. the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

c. the limit on the loans to granted between the subsidiary – CP's foreign subsidiaries or from foreign subsidiaries to the Company for which the subsidiary – CP directly or indirectly holds 100% of its voting shares is not restricted to 40% of the lending company's net asset based on the latest audited or reviewed consolidated financial statements. The ceiling on total loans is 40% of CP's net asset based on the latest audited or reviewed consolidated financial statements. The limit on loans to a single party is 30% of CP's net asset based on the latest audited or reviewed consolidated financial statements and the lending period may not exceed 3 years.

d. except for c., the financing period should not exceed one year.

Note 3: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 4: The maximum balance is the maximum outstanding balance during the year ended December 31, 2019.

Note 5: The ending balance had been approved at the Board of Directors' meeting.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2,3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	The Company	CEZ	3	$ 6,817,094	$ 369,780 (USD 12,000)	$ 360,120 (USD 12,000)	$ 134,496 (EUR 4,000)	-	1.32%	$ 13,634,188	Y	N	N	-

Note 1：Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(4) Between the endorser/guarantor parent company both owns directly or indirectly more than 90% voting shares of the endorsed/guaranteed subsidiaries.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Performance guarantees for pre-sales sales contracts under the Consumer Protection Act.

Note 2: In accordance with the guarantee procedure of the Company, the total guarantee amount is limited to 50% of the Company's capital. The Company's guarantee to each entity is limited to 50% of the total guarantee amount. The grand total guarantee amount of the Group is limited to 50% of the Company's capital, and other restrictions are as follows:

a. the total guarantee amount, except the above mentioned restriction, to any individual party should not exceed the higher amount of sales/purchase during the year for the purpose of business.

b. the total guarantee amount is limited to the Company's stockholders' equity when the Company takes guarantee procedure to the entity whose stockholders' equity is lower than 50% of its paid-in capital.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stock	Laster Tech Corporation Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	4,922,604	$ 149,401	6.50%	$ 149,401	-
The Company	Common stock	Newmax Technology Co., Ltd.	"	"	1,243,607	114,412	0.67%	114,412	-
The Company	Common stock	PharmaEngine, Inc.	-	"	1,134,000	77,679	0.77%	77,679	-
The Company	Common stock	Aslan Pharmaceuticals Limited	-	"	1,100,000	8,910	0.58%	8,910	-
The Company	Common stock	TWi Pharmaceuticals, Inc.	-	"	115,000	1,006	0.17%	1,006	-
The Company	Common stock	JHL BIOTECH, INC.	-	"	290,000	12,760	0.15%	12,760	-
The Company	Common stock	Solar Applied Materials Technology Corp.	-	"	2,985,019	67,014	0.60%	67,014	-
The Company	Common stock	MOSA INDUSTRIAL CORPORATION	-	"	485,000	20,515	0.27%	20,515	-
The Company	Beneficiary certificate	Fuh Hwa Digital Economy Fund	-	"	2,000,000	108,140	-	108,140	-
The Company	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	30,000	3,000	-	3,000	-
The Company	Common stock	WK Venture Capital XI	Corporate director	Financial assets at fair value through profit or loss - non-current	15,380,000	246,080	15.38%	246,080	-
The Company	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	68,672	9.38%	68,672	-
The Company	Common stock	Chengding Venture Capital Group	"	"	10,000,000	107,820	7.41%	107,820	-
The Company	Common stock	Sheng Da Venture Capital Group	-	"	3,000,000	30,000	10.71%	30,000	-
The Company	Preferred stock	Magi Capital Venture Co., Ltd	-	"	454,296	65,746	4.37%	65,746	-
The Company	Beneficiary certificate	Fuh Hwa Smart Energy Securities Investment Trust Fund	-	"	9,000,000	84,060	-	84,060	-
The Company	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	9,000,000	28,620	-	28,620	-
The Company	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	13,100,608	482,102	1.96%	482,102	-
The Company	Common stock	Genesis Photonics Inc.	-	"	304,350	1,351	0.43%	1,351	-
The Company	Common stock	AcBel Polytech Inc.	-	"	3,727,000	90,007	0.72%	90,007	-
The Company	Common stock	ShunOn Electronic Co.	Corporate director	"	11,708,254	361,785	7.91%	361,785	-
The Company	Common stock	Alcor Micro,Corp.	"	"	1,406,000	19,825	1.87%	19,825	-
The Company	Private equity	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	4,224,458	12,758	6.03%	12,758	-
The Company	Common stock	Taipei Tech innoFund	Corporate director	"	3,500,000	46,427	11.67%	46,427	-

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stock	Maxima Ventures I, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	13,125	$ 131	2.35%	$ 131	-
The Company	Common stock	Maxima Ventures II, Inc.	-	"	3,000,000	18,777	8.21%	18,777	-
The Company	Common stock	Taiwan Cultural and Creative Co., Ltd.	-	"	1,600,000	3,369	5.78%	3,369	-
The Company	Common stock	MKD Technology Inc.	-	"	1,600,000	11,790	6.96%	11,790	-
CP	Common stock	Newmax Technology Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	3,038,983	279,587	1.64%	279,587	-
CP	Common stock	Laster Tech Corporation Ltd.	"	"	1,202,252	36,488	1.59%	36,488	-
CP	Common stock	Powertech Technology Inc.	-	"	228,000	22,754	0.03%	22,754	-
CP	Common stock	Phison Electronics Corp.	-	"	200,000	68,100	0.10%	68,100	-
CP	Common stock	Apex International Co., Ltd.	-	"	300,000	13,800	0.16%	13,800	-
CP	Common stock	TWi Pharmaceuticals, Inc.	-	"	119,000	1,045	0.18%	1,045	-
CP	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	2,500,000	250,000	-	250,000	-
CP	Beneficiary certificate	Fuh Hwa Digital Economy Fund	-	"	2,077,391	112,325	-	112,325	-
CP	Common stock	WK Venture Capital XI	Corporate director	Financial assets at fair value through profit or loss - non-current	1,000,000	20,060	1.00%	20,060	-
CP	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	68,672	9.38%	68,672	-
CP	Common stock	Chengding Venture Capital Group	"	"	10,000,000	107,820	7.41%	107,820	-
CP	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	6,000,000	19,080	-	19,080	-
CP	Beneficiary certificate	Fuh Hwa Smart Energy Securities Investment Trust Fund	-	"	21,000,000	196,140	-	196,140	-
CP	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	4,538,000	166,998	0.68%	166,998	-
CP	Common stock	Kinsus Interconnect Technology Corp.	-	"	920,000	47,657	0.20%	47,657	-
CP	Common stock	Genesis Photonics Inc.	-	"	1,892,392	8,402	2.70%	8,402	-
CP	Common stock	Cheng Uei Precision Industry Co., Ltd.	-	"	80,000	3,664	0.02%	3,664	-
CP	Common stock	FLYTECH TECHNOLOGY CO., LTD.	"	"	192,000	13,824	0.13%	13,824	-
CP	Private equity	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,979,291	5,977	2.83%	5,977	-
CP	Common stock	Taipei Tech innoFund	Corporate director	"	1,500,000	19,897	5.00%	19,897	-
HEC	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	11,370,823	418,446	1.70%	418,446	-
HEC	Common stock	The Company	The Company	"	16,188,935	1,440,815	2.20%	1,440,815	Note 2
UNIKEY	Common stock	Newmax Technology Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	18,825,998	1,731,992	10.17%	1,731,992	-
UNIKEY	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	16,730,000	615,664	2.50%	615,664	-
UNIKEY	Common stock	The Company	The Company	"	21,174,298	1,884,513	2.88%	1,884,513	Note 3
CGI	Preferred stock	PRP CE1 BC1 Inc.	-	Financial assets at fair value through profit or loss – non-current	122,487	117,626	-	117,626	-
CGI	Bond	PRP CE1 BC1 Inc.	-	Financial assets at amortised cost - non-current	-	482,573	-	482,573	-
COI	Common stock	Laster Tech Corporation Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	2,412,000	73,204	3.18%	73,204	-
COI	Common stock	PharmaEngine, Inc.	-	"	135,000	9,248	0.09%	9,248	-
COI	Common stock	GOMAJI Corp., LTD	-	"	10,000	280	0.05%	280	-
COI	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	100,000	10,000	-	10,000	-
COI	Common stock	Q Technology (Group) Company Limited	-	"	8,747	434,858	0.68%	434,858	-
COI	Beneficiary certificate	WRV II, L.P	-	Financial assets at fair value through profit or loss - non-current	7,682,533	227,095	-	227,095	-
COI	Beneficiary certificate	MagiCapital Fund II, L.P.	-	"	3,324,091	99,756	-	99,756	-
COI	Beneficiary certificate	New Riders L.P.	-	"	1,022,000	17,800	-	17,800	-
COI	Common stock	SmartSens Technology Co.,Ltd	-	"	602,373	30,009	-	30,009	-
COI	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	10,104,000	371,828	1.51%	371,828	-
COI	Common stock	ShunOn Electronic Co.	Corporate director	"	157,087	4,854	0.11%	4,854	-
COI	Common stock	Alpha Professional Holdings Limited	-	"	248,500	1,484	0.08%	1,484	-
COI	Common stock	CTBC Securities Co., Ltd.	-	"	270,000	29,417	0.00%	29,417	-
COI	Common stock	Merrimack Pharmacenticals, Inc.	-	"	84,482	7,986	0.63%	7,986	-
COI	Preferred stock	SAGA-CHINA	-	Financial assets at fair value through other comprehensive income - non-current	10,374,483	$ 238,392	-	$ 238,392	-

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
CPI	Common stock	Q Technology (Group) Co., Ltd.	-	Financial assets at fair value through profit or loss - current	700,000	34,800	0.06%	34,800	-
CPI	Beneficiary certificate	WRV II, L.P	-	Financial assets at fair value through profit or loss - non-current	3,841,266	113,548	-	113,548	-
CPI	Common stock	Anxin-China Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	8,300,000	-	0.27%	-	-
Quansun	Common stock	New Hung Kuan Enterprise Co., Ltd	-	Financial assets at fair value through other comprehensive income - non-current	8,140,000	166,100	21.71%	166,100	Note 4
Quansun	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	7,100,000	261,280	1.06%	261,280	-
Qun-Jing	Common stock	Clevo Co.	"	"	2,100,000	77,280	0.31%	77,280	-
XAVi	Common stock	Chicony Power Technology Co., Ltd.	Affiliated company	Financial assets at fair value through profit or loss - current	2,961,160	185,961	0.77%	185,961	-
XAVi	Common stock	Laster Tech Corporation Ltd.	Corporate director	"	1,036,738	31,465	1.37%	31,465	-
XAVi	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	"	Financial assets at fair value through other comprehensive income - non-current	3,000,000	9,540	-	9,540	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.
Note 2: Provided 12,600,000 shares pledged for short-term loan.
Note 3: Provided 8,500,000 shares pledged for short-term loan.
Note 4: The Company holds over 20% ownership interest of the entity, however, based on objectives indicators; the Company has no significant influence on the entity.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2019		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2019 (Note 4)	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Fuh Hwa Securities Investment Trust Fund	Financial assets at fair value through profit or loss - non-current	(Note 2) Fuh Hwa Securities Investment Trust Fund	(Note 2) -	19,802,524	$ 471,102	-	$ -	19,802,524	$ 495,702	$ 621,007	($ 125,305)	-	$ -
CGI	PRP CE1 BC1 Inc.	Financial assets at amortised cost - non-current	PRP CE1 BC1 Inc.	-	-	$ -	-	$ 498,303	-	$ -	$ -	$ -	-	$ 498,303

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: It is applicable to disclosure information when marketable securities were recognized as "investments accounted for using equity method".
Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.
Note 4: It refers to the initial costs without considering the amortisation or valuation of exchange rate at the end of the year.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching $300 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
CPSZ	Construction in process	2018/12/27 (Date of contract signing)	$ 1,103,069 (RMB 247,825 thousand)	$ 709,310	Suzhou Weiye Group Co., Ltd.	None	-	-	-	$ -	Contract	Plant (For the Purpose of Conducting Business)	None
The Company	Investment property	2019/7/31	$ 839,561	$ 376,095	Kunfu Construction Co., Ltd. etc.	"	-	-	-	-	Price comparison and price negotiation	Residential compound building	"

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Hikari	Non-current assets held for sale	The contract was signed on December 26, 2018 and it was transferred on January 9, 2019	2015/1/28	$ 1,956,546	$ 2,605,512 (JPY9,500,000 thousand)	All proceeds have been collected	$ 645,713	Kyushu Railway Company	None	To cooperate with future operating plan of the Group	Valuation agency：Cushman & Wakefield Limited Valuation amount：JPY7,020,000 thousand Valuation agency：Savills Limited Valuation amount：JPY7,060,000 thousand	None
The Company	Investment property	From December 10, 2019 to December 24, 2019 (as of December 31, 2019, it was not yet transferred)	2016/2/25	$ 1,266,082	$ 1,279,562	Proceeds of $192,801 have been collected	$ 13,480 (Estimated)	The Group's employees that are still in service	The Group's employees that are still in service	Employees' housing purchased by the employees	Valuation agency: Panasia Limited Valuation amount: $1,255,392 Valuation agency: Colliers international Limited Valuation amount: $1,275,823	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	CEM2	Subsidiary owned by COI	Purchases	$ 8,907,899	38	30~60 days	Note 1	30~60 days	($ 13,665,270)	59	–
CEM2	The Company	The parent company of COI	Sales	(8,907,899)	40	30~60 days	Note 2	30~60 days	13,665,270	99	–
The Company	CEM3	Subsidiary owned by Mao-Feng	Purchases	7,585,918	32	30~60 days	Note 1	30~60 days	(5,625,590)	24	–
CEM3	The Company	The parent company of COI	Sales	(7,585,918)	41	30~60 days	Note 2	30~60 days	5,625,590	68	–
The Company	CEM5	Subsidiary owned by COI	Purchases	218,733	1	30~60 days	Note 1	30~60 days	(73,541)	-	–
CEM5	The Company	The parent company of COI	Sales	(218,733)	5	30~60 days	Note 2	30~60 days	73,541	5	–
The Company	Mao-Ray	Subsidiary owned by Real Young	Purchases	4,517,159	19	30~60 days	Note 1	30~60 days	(3,398,726)	15	–
Mao-Ray	The Company	The parent company of COI	Sales	(4,517,159)	74	30~60 days	Note 2	30~60 days	3,398,726	94	–
CGI	CEM3	Affiliated company	Sales	(346,807)	1	60~90 days	Note 2	60~90 days	-	-	–
CEM3	CGI	Affiliated company	Purchases	346,807	2	60~90 days	Note 1	60~90 days	-	-	–
CGI	CAI	Affiliated company	Sales	(751,188)	3	60~90 days	Note 2	60~90 days	401,984	6	–
CAI	CGI	Affiliated company	Purchases	751,188	100	60~90 days	Note 1	60~90 days	(401,984)	100	–
CGI	CEZ	Affiliated company	Sales	(450,778)	2	60~90 days	Note 2	60~90 days	54,068	1	–
CEZ	CGI	Affiliated company	Purchases	450,778	62	60~90 days	Note 1	60~90 days	(54,068)	57	–
CEM2	CGI	Affiliated company	Sales	(13,078,447)	59	60~90 days	Note 2	60~90 days	-	-	–
CGI	CEM2	Affiliated company	Purchases	13,078,447	55	60~90 days	Note 1	60~90 days	-	-	–
Mao-Ray	CGI	Affiliated company	Sales	(1,112,214)	18	60~90 days	Note 2	60~90 days	-	-	–
CGI	Mao-Ray	Affiliated company	Purchases	1,112,214	5	60~90 days	Note 1	60~90 days	-	-	–
CEM3	CGI	Affiliated company	Sales	(6,699,379)	36	60~90 days	Note 2	60~90 days	1,138,489	14	–
CGI	CEM3	Affiliated company	Purchases	6,699,379	28	60~90 days	Note 1	60~90 days	(1,138,489)	52	–
CEM5	CGI	Affiliated company	Sales	(2,837,209)	64	60~90 days	Note 2	60~90 days	1,048,121	70	–
CGI	CEM5	Affiliated company	Purchases	2,837,209	12	60~90 days	Note 1	60~90 days	(1,048,121)	48	–
Mao-Ray	CEM2	Affiliated company	Sales	(156,984)	1	60~90 days	Note 2	60~90 days	115,212	2	–
CEM2	Mao-Ray	Affiliated company	Purchases	156,984	17	60~90 days	Note 1	60~90 days	(115,212)	16	–
CEM3	CEM5	Affiliated company	Sales	(184,777)	1	60~90 days	Note 2	60~90 days	-	-	–
CEM5	CEM3	Affiliated company	Purchases	184,777	5	60~90 days	Note 1	60~90 days	-	-	–

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Qun-Yang	CEM3	Affiliated company	Sales	($ 124,596)	100	60~90 days	Note 2	60~90 days	$ 26,221	100	-
CEM3	Qun-Yang	Affiliated company	Purchases	124,596	1	60~90 days	Note 1	60~90 days	(26,221)	-	-
CPSZ	CEM3	Affiliated company	Sales	(502,751)	3	90 days	Note 2	90 days	291,460	5	-
CEM3	CPSZ	Affiliated company	Purchases	502,751	3	90 days	Note 1	90 days	(291,460)	5	-
CP	CEM3	Affiliated company	Sales	(680,203)	1	90 days	Note 2	90 days	485,253	-	-
CEM3	CP	Affiliated company	Purchases	680,203	4	90 days	Note 1	90 days	(485,253)	8	-
CP	CEM2	Affiliated company	Sales	(747,776)	2	90 days	Note 2	90 days	210,086	3	-
CEM2	CP	Affiliated company	Purchases	747,776	4	90 days	Note 1	90 days	(210,086)	4	-
CP	CEM5	Affiliated company	Sales	(295,779)	1	90 days	Note 2	90 days	200,609	-	-
CEM5	CP	Affiliated company	Purchases	295,779	8	90 days	Note 1	90 days	(200,609)	17	-
CPI	CEM3	Affiliated company	Sales	(462,023)	3	90 days	Note 2	90 days	-	3	-
CEM3	CPI	Affiliated company	Purchases	462,023	3	90 days	Note 1	90 days	-	-	-
CPI	CEM5	Affiliated company	Sales	(289,923)	2	90 days	Note 2	90 days	-	1	-
CEM5	CPI	Affiliated company	Purchases	289,923	8	90 days	Note 1	90 days	-	-	-
CP	CPUS	Affiliated company	Sales	(1,024,656)	3	90 days	Note 2	90 days	409,201	5	-
CPUS	CP	Affiliated company	Purchases	1,024,656	100	90 days	Note 1	90 days	(409,201)	100	-
CPI	CP	Affiliated company	Sales	(12,800,291)	93	45 days	Note 2	45 days	1,464,316	92	-
CP	CPI	Affiliated company	Purchases	12,800,291	59	45 days	Note 1	45 days	(1,464,316)	14	-
CP	CEZ	Affiliated company	Sales	(270,875)	1	90 days	Note 2	90 days	41,230	-	-
CEZ	CP	Affiliated company	Purchases	270,875	37	90 days	Note 1	90 days	(41,230)	43	-
CPDG	CP	Affiliated company	Sales	(5,448,640)	39	90 days	Note 2	90 days	2,377,120	77	-
CP	CPDG	Affiliated company	Purchases	5,448,640	15	90 days	Note 1	90 days	(2,377,120)	23	-
CPDG	CPI	Affiliated company	Sales	(4,858,322)	60	45 days	Note 2	45 days	-	-	-
CPI	CPDG	Affiliated company	Purchases	4,858,322	36	45 days	Note 1	45 days	-	-	-
CPSZ	CP	Affiliated company	Sales	(7,461,190)	37	45 days	Note 2	45 days	4,527,265	85	-
CP	CPSZ	Affiliated company	Purchases	7,461,190	17	45 days	Note 1	45 days	(4,527,265)	43	-
CPSZ	CPI	Affiliated company	Sales	(6,034,179)	59	45 days	Note 2	45 days	-	9	-
CPI	CPSZ	Affiliated company	Purchases	6,034,179	44	45 days	Note 1	45 days	-	20	-
CPCQ	CP	Affiliated company	Sales	(3,078,550)	33	45 days	Note 2	45 days	1,949,480	79	-
CP	CPCQ	Affiliated company	Purchases	3,078,550	8	45 days	Note 1	45 days	(1,949,480)	19	-
CPCQ	CPI	Affiliated company	Sales	(2,644,660)	53	45 days	Note 2	45 days	-	6	-
CPI	CPCQ	Affiliated company	Purchases	2,644,660	19	45 days	Note 1	45 days	-	7	-

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CPCQ	CPSZ	Affiliated company	Sales	($ 872,312)	13	60 days	Note 2	60 days	$ 261,583	14	-
CPSZ	CPCQ	Affiliated company	Purchases	872,312	7	60 days	Note 1	60 days	(261,583)	6	-
GSE	CPSZ	Affiliated company	Sales	(256,007)	28	60 days	Note 2	60 days	86,377	22	-
CPSZ	GSE	Affiliated company	Purchases	256,007	2	60 days	Note 1	60 days	(86,377)	1	-
GSE	CPDG	Affiliated company	Sales	(381,428)	44	60 days	Note 2	60 days	119,982	50	-
CPDG	GSE	Affiliated company	Purchases	381,428	5	60 days	Note 1	60 days	(119,982)	4	-
GSE	CPCQ	Affiliated company	Sales	(130,869)	16	60 days	Note 2	60 days	33,388	-	-
CPCQ	GSE	Affiliated company	Purchases	130,869	3	60 days	Note 1	60 days	(33,388)	-	-
Systemax	XAVi	Affiliated company	Sales	(736,222)	100	45~180 days	Note 2	45~180 days	277,549	100	-
XAVi	Systemax	Affiliated company	Purchases	736,222	41	45~180 days	Note 1	45~180 days	(277,549)	92	-
XAVi Suzhou	Systemax	Affiliated company	Sales	(733,114)	50	45~180 days	Note 2	45~180 days	-	-	-
Systemax	XAVi Suzhou	Affiliated company	Purchases	733,114	57	45~180 days	Note 1	45~180 days	-	-	-
XAVi Suzhou	XAVi	Affiliated company	Sales	(1,034,799)	35	45~180 days	Note 2	45~180 days	169,994	-	-
XAVi	XAVi Suzhou	Affiliated company	Purchases	1,034,799	97	45~180 days	Note 1	45~180 days	(169,994)	-	-
CEM3	Newmax	Affiliated company	Purchases	206,116	1	60~90 days	Note 1	60~90 days	(40,259)	1	-
CEM3	KAPOK	Other related party	Sales	(491,115)	3	60 days	Note 2	60 days	206,145	2	-
CEM3	JiaXing ShunOn	Other related party	Purchases	168,823	1	60~90 days	Note 1	60~90 days	(44,631)	1	-
CEM3	Farwin (Kun Shan) Co., Ltd.	Other related party	Purchases	335,389	2	60~90 days	Note 1	60~90 days	(49,667)	1	-
CEM3	ShunOn Electronic Co.	Other related party	Purchases	393,317	2	60~90 days	Note 1	60~90 days	(107,401)	3	-
CEM5	ShunOn Electronic Co.	Other related party	Purchases	330,217	9	60~90 days	Note 1	60~90 days	(37,434)	3	-
CP	KAPOK	Other related party	Sales	(429,059)	1	60 days	Note 2	60 days	116,100	2	-

Note 1: Purchases from related parties were basically the same as those from third parties.
Note 2: Sales to related parties were basically the same as those to third parties.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2019

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Accounts receivable								
The Company	CEM3	Subsidiary owned by Mao-Feng	$ 138,588	3.58	$ -	-	$ -	$ -
CEM2	The Company	The parent company of COI	13,665,270	0.73	-	-	-	-
MR	The Company	The parent company of COI	3,398,726	1.21	-	-	-	-
MR	CEM2	Subsidiary owned by COI	115,212	2.73	-	-	-	-
CEM3	The Company	The parent company of COI	5,625,590	1.38	-	-	-	-
CEM3	KAPOK	Other related party	206,145	2.71	-	-	-	-
CEM3	CGI	Affiliated company	1,138,489	8.61	-	-	-	-
CGI	CAI	Affiliated company	401,984	1.79	-	-	-	-
CEM5	CGI	Affiliated company	1,048,121	3.23	-	-	-	-
CP	CEM2	Affiliated company	210,086	2.90	-	-	-	-
CP	CEM3	Affiliated company	485,253	2.80	-	-	-	-
CP	CEM5	Affiliated company	200,609	2.95	-	-	-	-
CPSZ	CEM3	Affiliated company	291,460	2.55	-	-	-	-
CP	CPUS	Affiliated company	409,201	2.50	-	-	-	-
CP	KAPOK	Other related party	116,100	3.60	-	-	-	-
CPI	CP	Affiliated company	1,464,316	2.97	-	-	-	-
CPDG	CP	Affiliated company	2,377,120	4.58	-	-	-	-
CPSZ	CP	Affiliated company	4,527,265	3.30	-	-	-	-
CPCQ	CP	Affiliated company	1,949,480	3.16	-	-	-	-
CPCQ	CPSZ	Affiliated company	261,583	3.61	-	-	-	-
GSE	CPDG	Affiliated company	119,982	2.90	-	-	-	-
Systemax	XAVi	Affiliated company	277,549	2.11	-	-	-	-
XAVi Suzhou	XAVi	Affiliated company	169,994	12.17	-	-	-	-
Other receivable								
The Company	UNIKEY	Subsidiary owned by the Company	$ 1,255,811	-	$ -	-	$ -	$ -
The Company	Qun-Jing	Subsidiary owned by HEC	192,626	-	-	-	-	-
The Company	Quansun	Subsidiary owned by HEC	604,982	-	-	-	-	-
The Company	CET	Subsidiary owned by the Company	151,659	-	-	-	-	-
The Company	Real Young	Subsidiary owned by COI	582,932	-	-	-	-	-
The Company	CGI	Subsidiary owned by the Company	233,937	-	-	-	-	-
COI	CGI	Affiliated company	3,665,910	-	-	-	-	-
COI	KUM	Affiliated company	207,686	-	-	-	-	-
CGI	The Company	Affiliated company	730,905	-	-	-	-	-
CGI	CEM2	Affiliated company	6,437,757	-	-	-	-	-
CGI	Mao-Ray	Affiliated company	1,688,101	-	-	-	-	-
Mao-Feng	The Company	The Company	699,543	-	-	-	-	-
Mao-Feng	CGI	Affiliated company	1,398,722	-	-	-	-	-
Real Young	Mao-Ray	Affiliated company	333,998	-	-	-	-	-
CEM2	CET	Affiliated company	242,149	-	-	-	-	-
CEM3	Mao-Qun	Affiliated company	173,348	-	-	-	-	-
CEM5	CEM3	Affiliated company	291,686	-	-	-	-	-
CEM5	XAVi Suzhou	Affiliated company	87,103	-	-	-	-	-
CP	CPHK	Affiliated company	1,314,328	-	-	-	-	-
CP	CPUS	Affiliated company	157,726	-	-	-	-	-
CPDG	Zhuzhou Torch	Affiliated company	246,518	-	-	-	-	-
HOI	CGI	Affiliated company	2,149,721	-	-	-	-	-
HOI	Real Young	Affiliated company	105,689	-	-	-	-	-
HOI	HEC	Affiliated company	492,314	-	-	-	-	-

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Year ended December 31, 2019

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	UNIKEY	1	Other receivables-related party	$ 1,255,811	Note 5	1.76
1	CGI	The Company	2	Other receivables-related party	730,905	Note 5	1.02
1	CGI	Mao-Ray	3	Other receivables-related party	1,688,101	Note 7	2.36
1	CGI	CEM2	3	Other receivables-related party	6,437,757	Note 7	9.01
2	COI	CGI	3	Other receivables-related party	3,665,910	Note 5	5.13
3	CEM2	The Company	2	Sales	8,907,899	Note 4	9.62
3	CEM2	The Company	2	Accounts receivable-related party	13,665,270	Note 4	19.13
3	CEM2	CGI	3	Sales	13,078,447	Note 4	14.13
4	CEM3	The Company	2	Sales	7,585,918	Note 4	8.20
4	CEM3	The Company	2	Accounts receivable-related party	5,625,590	Note 4	7.87
4	CEM3	CGI	3	Sales	6,699,379	Note 4	7.24
4	CEM3	CGI	3	Accounts receivable-related party	1,138,489	Note 4	1.59
5	CEM5	CGI	3	Sales	2,837,209	Note 4	3.07
5	CEM5	CGI	3	Accounts receivable-related party	1,048,121	Note 4	1.47
6	Mao-Ray	The Company	2	Sales	4,517,159	Note 4	4.88
6	Mao-Ray	The Company	2	Accounts receivable-related party	3,398,726	Note 4	4.76
6	Mao-Ray	CGI	3	Sales	1,112,214	Note 4	1.20
7	Mao-Feng	CGI	3	Other receivables-related party	1,398,722	Note 5	1.96
8	CP	CPUS	3	Sales	1,024,656	Note 4	1.11
8	CP	CPHK	3	Other receivables-related party	1,314,328	Note 5	1.84
9	CPI	CP	3	Sales	12,800,291	Note 4	13.83
9	CPI	CP	3	Accounts receivable-related party	1,464,316	Note 4	2.05
10	HOI	CGI	3	Other receivables-related party	2,149,721	Note 5	3.01
11	CPSZ	CP	3	Sales	7,461,190	Note 4	8.06
11	CPSZ	CP	3	Accounts receivable-related party	4,527,265	Note 4	6.34
11	CPSZ	CPI	3	Sales	6,034,179	Note 4	6.52
12	CPCQ	CP	3	Sales	3,078,550	Note 4	3.33
12	CPCQ	CP	3	Accounts receivable-related party	1,949,480	Note 4	2.73
12	CPCQ	CPI	3	Sales	2,644,660	Note 4	2.86
13	CPDG	CP	3	Sales	5,448,640	Note 4	5.89

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
13	CPDG	CP	3	Accounts receivable-related party	$ 2,377,120	Note 4	3.33
13	CPDG	CPI	3	Sales	4,858,322	Note 4	5.25
14	XAVi-Suzhou	XAVi	3	Sales	1,034,799	Note 4	1.12

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Sales to related parties were basically the same as those to third parties, with consideration of transaction quantities and market situation, the payment terms were basically the same as third parties .

Note 5: The terms of related party loans depends on both parties' operation situation.

Note 6: Receivables from advances and service charges of related parties.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investees (not including investees in Mainland China)

Year ended December 31, 2019

Table 10

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
The Company	COI	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	$ 265,326	$ 265,326	1,000	100.00%	$ 22,800,344	$ 2,614,435	$ 2,616,094	Subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	441,408	33,920	4,323,384	70.73%	230,756	(61,342)	(38,838)	Subsidiary
	UNIKEY	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	150,000	150,000	90,000,000	100.00%	1,204,078	579,200	498,738	Subsidiary
	HOI	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	412,003	412,003	12,560,000	100.00%	2,721,424	38,031	38,031	Subsidiary
	HEC	Taiwan R.O.C.	Sales of switching power supplies and other electronic parts	2,330	2,330	4,660,000	100.00%	(322,053)	78,858	17,340	Subsidiary
	XAVi	Taiwan R.O.C.	Researching, manufacturing and selling the DSL bridges and routers	251,153	241,426	45,642,270	45.94%	358,188	179,600	80,479	Subsidiary
	CGI	Malaysia	Sales of computers and computer peripherals	33,027	33,027	1,000,000	100.00%	2,987,312	(572,919)	(291,753)	Subsidiary
	CP	Taiwan R.O.C.	(1) Research, manufacture and sales of switching power supply, other electronic parts and equipment, and lamps (2) Smart building system business	1,486,300	1,398,798	188,409,594	49.28%	3,146,608	1,720,487	833,695	Subsidiary
UNIKEY	Real Young	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	41,490	41,490	1,275,000	13.95%	111,229	12,082	-	Sub-subsidiary
COI	CAI	U.S.A	Sales of computers and computer peripherals	97,533 (USD 3,250)	97,533 (USD 3,250)	3,250,000	100.00%	89,340	(848)	-	Sub-subsidiary
	CAGI	U.S.A	Internet solution for E-Commerce solution	93,181 (USD 3,105)	93,181 (USD 3,105)	12,400,000	100.00%	(1,253)	(46)	-	Sub-subsidiary
	Mao-Feng	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	68,843 (USD 2,294)	68,843 (USD 2,294)	2,294,000	100.00%	10,114,270	863,377	-	Sub-subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	234,781 (USD 7,823)	234,781 (USD 7,823)	1,789,141	29.27%	95,532	(61,285)	-	Sub-subsidiary
	KUM	Samoa	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	68,164 (USD 2,271)	68,164 (USD 2,271)	2,284,142	100.00%	(186,182)	(12,408)	-	Sub-subsidiary
	CEZ	Czech Republic	Sales of computers and computer peripherals	197 (USD 7)	197 (USD 7)	-	100.00%	256,484	12,220	-	Sub-subsidiary
	GFI	Cayman Islands	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	71,776 (USD 2,392)	71,776 (USD 2,392)	2,310,000	60.00%	(186,187)	(15,775)	-	Sub-subsidiary
	Real Young	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	242,247 (USD 8,072)	242,247 (USD 8,072)	7,864,780	86.05%	694,443	86,608	-	Sub-subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
COI	CEJ	Japan	Sales of computers and computer peripherals	$ 2,844 (USD 95)	$ 2,844 (USD 95)	-	100.00%	$ 10,873	$ 910	$ -	Sub-subsidiary
	Hikari Investment GK	Japan	Investment holdings	-	898,439 (USD 29,938)	-	0.00%	-	657,766	-	Sub-subsidiary
	Swift Success Holdings limited	Samoa	Investment holdings	160,925 (USD 5,362)	-	-	40.00%	184,258	84,207	-	Investments accounted for under equity method
CP	CPH	BVI	Investment holdings	326,350	326,350	10,000,000	100.00%	5,318,754	1,383,105	-	Sub-subsidiary
CP	CPTH	Thailand	Sales of switching power supplies and other electronic parts	38,171 (THB 38,000)	-	3,800,000	100.00%	36,396	(1,761)		Sub-subsidiary
CPH	CPI	Cayman Islands	Sales of switching power supplies and other electronic parts	300,100 (USD 10,000)	300,100 (USD 10,000)	10,000,000	100.00%	5,631,168	1,383,066	-	Sub-subsidiary
CPI	CPUS	U.S.A	Sales of switching power supplies and other electronic parts	39,523 (USD 1,317)	39,523 (USD 1,317)	1,500,000	100.00%	48,621	21,517	-	Sub-subsidiary
	CPHK	Hong Kong	Research and development center	330,612 (HKD 85,800)	330,612 (HKD 85,800)	46,800,000	100.00%	3,915,378	1,201,885	-	Sub-subsidiary
	WitsLight Technology	Samoa	Design, research and development, manufacturing and sales of LED lighting modules and investment holdings	270,090 (USD 9,000)	270,090 (USD 9,000)	10,000,000	78.13%	120,424	(11,870)	-	Sub-subsidiary
WTS	WT	Taiwan R.O.C.	Design, research and development of LED lighting modules and international trade	-	5,000	-	0.00%	-	67,205	-	Sub-subsidiary
	CT	Taiwan R.O.C.	Design, researching and developing and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100.00%	(31,202)	(7,772)	-	Sub-subsidiary
Kuang Mao	Sky-Fine	Samoa	Sales of computers and computer peripherals	74,813 (USD 2,493)	74,813 (USD 2,493)	310,423	29.00%	21,264	(35,445)	-	Investments accounted for under equity method
HEC	Quansun	Taiwan R.O.C.	Investment holdings	80,000	80,000	8,000,000	100.00%	(174,106)	4,074	-	Sub-subsidiary
	Qun-Jung	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	1,000	1,000	100,000	100.00%	(114,945)	85	-	Sub-subsidiary
	CP	Taiwan R.O.C.	(1) Research, manufacture and sales of switching power supply, other electronic parts and equipment, and lamps (2) Smart building system business	54,811	54,811	1,200,000	0.31%	57,125	1,720,487	-	Subsidiary
XAVi	Directmax	BVI	Management of overseas	332,791 (USD 10,250)	332,791 (USD 10,250)	7,750,000	100.00%	426,057	88,897	-	Sub-subsidiary
Directmax	XAVi Overseas	BVI	Management of overseas	324,942 (USD 10,000)	324,942 (USD 10,000)	7,500,000	100.00%	116,683	109,828	-	Sub-subsidiary
	Systemax	BVI	Sales of DSL bridges and routers	7,849 (USD 250)	7,849 (USD 250)	250,000	100.00%	309,374	(20,931)	-	Sub-subsidiary

Note: The amount of NTD exchanged from foreign currency in the table were exchanged with the exchange rate at financial reporting date except profit or loss was exchanged with the average exchange rate from January 1, 2019 to December 31, 2019.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2019

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019		Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
			(Note 1)		Remitted to Mainland China	Remitted back to Taiwan				(Note 2)				(Note 1,4)
Chicony Electronics (Dong Guan) Co., Ltd.	Manufacturing and sales of computer peripherals	$ 322,150	2	$ 317,555	$ -	$ -	$ 317,555	$ 198,541	100%	$ 198,541	(2)B	$ 3,888,283	$ -	(2)A
Chicony Electronics (Suzhou) Co., Ltd.	Manufacturing and sales of computer peripherals	967,558	2	329,424	-	-	329,424	432,109	100%	432,109	(2)B	8,347,504	-	(2)C
Chicony Electronics (Chong-Qing) Co., Ltd.	Manufacturing and sales of computer peripherals	435,788	2	-	-	-	-	398,018	100%	398,018	(2)B	2,435,761	-	(2)A
Mao-Ray Electronics (Dong Guan) Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	277,530	2	236,374	-	-	236,374	104,733	100%	104,733	(2)B	694,443	-	(2)B
Suzhou Mao-Qun Electronics Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	124,911	2	93,661	-	-	93,661	(14,332)	60%	(8,599)	(2)B	(164,179)	-	(2)D and Note 4
Suzhou Qun-Yang Electronics Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	4,804	2	-	-	-	-	(12,234)	60%	(7,340)	(2)B	(43,805)	-	(2)D and Note 4
XAVi Technology (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges	324,942	2	324,942	-	-	324,942	109,828	45.94%	50,455	(2)B	54,477	-	(2)G and Note 4
Chicony Power Technology (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronic parts	593,135	2	286,935	-	-	286,935	187,633	49.59%	93,047	(2)B	570,877	-	(2)F and Note 4
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	1,297,467	2	194,245	-	-	194,245	683,093	49.59%	338,746	(2)B	1,216,751	-	(2)F and Note 4
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing of switching power supplies and other electronics parts	131,175	2	97,602	-	-	97,602	8,634	49.59%	3,751	(2)B	111,446	-	(2)F and Note 4

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
			(Note 1)		Remitted to Mainland China	Remitted back to Taiwan				(Note 2)			(Note 1,4)
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	$ 301,744	2	$ -	$ -	$ -	$ -	$ 371,801	49.59%	$ 184,376 (2)B	$ 592,985	$ -	(2)F and Note 4
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting equipment	44,379	2	-	-	-	-	(4,045)	49.59%	(2,006) (2)B	23,357	-	(2)F and Note 4
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of switching power supplies, LED lighting equipment, and other electronic parts and smart building system business	10,491	2	-	-	-	-	(778)	49.59%	(386) (2)B	(180)	-	(2)F and Note 4
Chicony Power Technology Trading (Taizhou) Co., Ltd.	Researching and developing, manufacturing, sales, installation, aftersale, and advisory services of electric machinery, electric frequency device and industry automation equipment; manufacturing and sales of electrical machinery and components; import and export of goods and technique	90,030	2	-	-	-	-	(4,189)	49.59%	(2,077) (2)B	42,050	-	(2)F and Note 4
WitsLight Technology (Kunshan) Co., Ltd.	Manufacturing and sales of LED lighting modules	331,859	2	-	-	-	-	(21,259)	38.74%	(8,236) (2)B	70,850	-	(2)H and Note 4
Zhuzhou Torch Auto Lamp Co., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	2	-	-	-	-	10,506	38.74%	4,070 (2)B	73,741	-	(2)H and Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The company	$ 2,360,707 (USD 78,664 thousand)	$ 3,322,467 (USD 110,712 thousand)	$ 16,361,025

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China, the investing companies includes:

A. Chicony Overseas Inc.

B. Real Young Elec. Co., Ltd.

C. Mao-Feng International Inc.

D. Global Faith Inc.

E. Kuang Mao International Inc.

F. Chicony Power Technology Hong Kong Limited(CPHK)

G. XAVi Overseas Ltd.

H. WitsLight Technology Co., Ltd..

(3) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 2019' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements were audited and attested by R.O.C. parent company's CPA.

C.Others

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Calculated based on the Company's ending combined shareholding ratio.

5. Separate Financial Report Audited by the CPA in 2018

CHICONY ELECTRONICS CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHICONY ELECTRONICS CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of Chicony Electronics Co., Ltd. (the "Company") as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (refer to "Other matter"), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018 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 generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Valuation of inventory

Description

Refer to Notes 4(10), 5(2) and 6(6) for the description of accounting policy, critical accounting estimates, uncertainty of assumptions and details of accounts.

The Company's main inventories are keyboard, camera modules and other electronic products. The prices of such inventories are affected by market demand and the rapid technological changes. Therefore, there is a higher risk of market decline. As the assessment of net realisable value of inventories is subject to management judgement, we consider the valuation of inventory as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed whether the Company's accounting policies comply with the relevant standards and the Company's industry practice and the reasonableness of management's evaluation process, including the determination of net realisable value of inventories, the sales expenses and the judgement of obsolete inventories. Checked whether the provision policies were consistently adopted in the reporting periods.
2. Obtained net realisable value statement of inventories to confirm whether the calculation logic is adopted consistently, and tested the data sources of selected samples which includes inventory price or purchase price to verify the net realisable value used by the management was comply with its policies, and recalculated the accuracy of allowance for inventory valuation losses.

Appropriateness of warehouse operating revenue cut-off

Description

For the accounting policies on revenue recognition, critical accounting assumptions and the content of revenue for the investments accounted for under the equity method of the Company－Chicony Power Technology Co., Ltd., and its subsidiaries (the "CP Group"), refer to Notes 4(32) and 6(25) of consolidated financial report.

The CP Group's revenue arises from sales of goods, consisting mainly of factory direct shipment and warehouse sales income. Warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The CP Group's warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we determine the warehouse sales income cut-off as one of the key areas of focus for this fiscal year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. We evaluated the internal controls for regular reconciliation between the CP Group and its warehouse custodians.
2. We performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group's accounting records.
3. We conducted warehouse inventory audit by using physical counts or using confirmation letters to validate inventory balances with the warehouse custodians.

Other matter - Scope of the audit

We did not audit the investment profit or loss and disclosed information in Note 13 of certain investments accounted for under the equity method that are included in the parent company only financial statements. The balances of there investments accounted for under the equity method were NT$391,199 thousand and NT$389,899 thousand, constituting 0.68% and 0.74% of total assets as of December 31, 2019 and 2018, respectively. Total comprehensive income (including the share of profit (loss) of subsidiaries, associates and joint ventures accounted for under the equity method and share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method) were NT$1,300 thousand and NT$1,551 thousand, constituting 0.03% and 0.05% of total comprehensive income for the years ended December 31, 2019 and 2018, respectively. Investment profit or loss and disclosed information in Note 13 were based on the financial statement of said subsidiaries which were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of other auditors.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from error or fraud 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 parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 auditor's report to the related disclosures in the parent company only 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 auditor's 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company 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 supervisors 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chen, Ching Chang　　Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2020

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHICONY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019	December 31, 2018
	Current assets			
1100	Cash and cash equivalents	6(1)	$ 731,671	$ 121,874
1110	Financial assets at fair value through profit or loss - current	6(2)	562,837	986,614
1120	Financial assets at fair value through other comprehensive income - current	6(3)	955,070	893,492
1150	Notes receivable, net	6(4)	11,312	51,882
1170	Accounts receivable, net	6(4)(5)	4,767,780	2,525,669
1180	Accounts receivable - related parties	7	207,537	317,910
1200	Other receivables		19,447	38,828
1210	Other receivables - related parties	7	3,042,035	4,059,442
130X	Inventories, net	6(6)	1,481,580	1,479,927
1410	Prepayments		145,101	136,392
11XX	**Total current assets**		11,924,370	10,612,030
	Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	6(2)	630,998	1,020,365
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	93,252	114,809
1550	Investments accounted for using equity method	6(7)	33,448,710	30,603,858
1600	Property, plant and equipment, net	6(8) and 8	1,930,484	1,968,170
1755	Right-of-use assets	6(9)	118,350	-
1760	Investment property, net	6(10) and 8	8,961,010	8,047,823
1780	Intangible assets		14,676	18,179
1900	Other non-current assets	8	63,967	32,882
15XX	**Total non-current assets**		45,261,447	41,806,086
1XXX	**Total assets**		$ 57,185,817	$ 52,418,116

(Continued)

CHICONY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019	December 31, 2018
	Current liabilities			
2100	Short-term borrowings	6(11)	$ 600,000	$ 3,130,000
2130	Contract liabilities	6(20)	-	2,696
2150	Notes payable		3,663	-
2170	Accounts payable		339,224	233,468
2180	Accounts payable - related parties	7	22,764,220	20,322,425
2200	Other payables	6(12)	2,871,159	1,947,829
2220	Other payables - related parties	7	1,483,765	1,201,425
2230	Income tax liabilities		423,460	498,551
2280	Lease liabilities - current		19,058	-
2300	Other current liabilities		205,568	11,764
21XX	**Total current liabilities**		28,710,117	27,348,158
	Non-current liabilities			
2570	Deferred income tax liabilities	6(26)	600,137	376,130
2580	Lease liabilities - non-current		99,878	-
2640	Accrued pension liabilities	6(14)	167,496	151,675
2670	Other non-current liabilities	6(7)	339,814	463,998
25XX	**Total non-current liabilities**		1,207,325	991,803
2XXX	**Total Liabilities**		29,917,442	28,339,961
	Equity			
	Share capital	6(16)		
3110	Share capital - common stock		7,344,975	7,303,799
	Capital surplus	6(17)		
3200	Capital surplus		6,114,005	5,633,933
	Retained earnings	6(18)		
3310	Legal reserve		4,976,270	4,617,199
3320	Special reserve		3,105,405	1,861,304
3350	Unappropriated retained earnings		9,370,658	8,455,531
	Other equity interest	6(19)		
3400	Other equity interest		(3,331,661)	(3,065,027)
3500	**Treasury stocks**	6(16)	(311,277)	(728,584)
3XXX	**Total equity**		27,268,375	24,078,155
	Significant contingent liabilities and unrecognised contract commitments	9		
	Significant events after the balance sheet date	11		
3X2X	**Total liabilities and equity**		$ 57,185,817	$ 52,418,116

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31 2019	2018
4000	**Sales revenue**	6(20) and 7	$ 28,369,842	$ 24,501,048
5000	**Operating costs**	6(6) and 7	(23,025,149)	(20,328,397)
5950	**Net operating margin**		5,344,693	4,172,651
	Operating expenses	6(23)(24) and 7		
6100	Selling expenses		(1,474,127)	(1,475,396)
6200	General and administrative expenses		(1,011,759)	(786,790)
6300	Research and development expenses		(1,260,835)	(897,476)
6450	Impairment gain (loss) determined in accordance with IFRS 9		2,956	(1,637)
6000	**Total operating expenses**		(3,743,765)	(3,161,299)
6900	**Operating profit**		1,600,928	1,011,352
	Non-operating income and expenses			
7010	Other income	6(21)	342,988	311,224
7020	Other gains and losses	6(22)	593,035	(861,999)
7050	Finance costs	6(25)	(38,995)	(42,750)
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	3,753,786	3,323,140
7000	**Total non-operating income and expenses**		4,650,814	2,729,615
7900	**Profit before income tax**		6,251,742	3,740,967
7950	Income tax expense	6(26)	(412,925)	(150,256)
8200	**Profit for the year**		$ 5,838,817	$ 3,590,711
	Other comprehensive income			
	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	Losses on remeasurements of defined benefit plans	6(14)	($ 10,988)	($ 3,128)
8312	Gains on revaluation	6(8)	-	155,281
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income		(403,682)	(262,624)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		723,953	(138,020)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	(161,893)
8310	**Other comprehensive income (loss) that will not be reclassified to profit or loss**		309,283	(410,384)
	Components of other comprehensive income that will be reclassified to profit or loss			
8361	Exchange differences on translation of foreign operations		(1,121,851)	22,123
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(7,726)	1,537
8360	**Other comprehensive (loss) income that will be reclassified to profit or loss**		(1,129,577)	23,660
8300	**Other comprehensive loss for the year**		($ 820,294)	($ 386,724)
8500	**Total comprehensive income for the year**		$ 5,018,523	$ 3,203,987
	Earnings per share (in NT dollars)	6(27)		
9750	**Basic earnings per share**		$ 8.45	$ 5.22
9850	**Diluted earnings per share**		$ 8.33	$ 5.15

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings	Other Equity Interest: Financial statements translation differences of foreign operations	Other Equity Interest: Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other Equity Interest: Asset revaluation increment	Treasury stocks	Total equity
Year ended December 31, 2018											
Balance at January 1, 2018		$ 7,206,051	$ 5,136,660	$ 4,215,046	$ 433,524	$ 9,144,208	($ 1,009,474)	($ 2,203,492)	$ 1,388,279	($ 517,165)	$ 23,793,637
Effect of retrospective application and restatement	3	-	-	-	-	860,203	-	(905,391)	-	-	(45,188)
Balance at January 1 after adjustments		7,206,051	5,136,660	4,215,046	433,524	10,004,411	(1,009,474)	(3,108,883)	1,388,279	(517,165)	23,748,449
Profit for 2018		-	-	-	-	3,590,711	-	-	-	-	3,590,711
Other comprehensive income (loss) for 2018	6(19)	-	-	-	-	(8,143)	23,660	(395,629)	(6,612)	-	(386,724)
Total comprehensive income (loss) for 2018		-	-	-	-	3,582,568	23,660	(395,629)	(6,612)	-	3,203,987
Appropriations of 2017 earnings	6(18)										
Legal reserve		-	-	402,153	-	(402,153)	-	-	-	-	-
Special reserve		-	-	-	1,427,780	(1,427,780)	-	-	-	-	-
Stock dividends		36,199	-	-	-	(36,199)	-	-	-	-	-
Cash dividends		-	-	-	-	(3,221,684)	-	-	-	-	(3,221,684)
Employees' stock dividends		61,549	391,451	-	-	-	-	-	-	-	453,000
Purchase of treasury shares		-	-	-	-	-	-	-	-	(211,419)	(211,419)
Cash dividends paid to the subsidiaries		-	165,439	-	-	-	-	-	-	-	165,439
Difference between proceeds from addition and disposal of subsidiary and book value		-	(134,690)	-	-	-	-	-	-	-	(134,690)
Adjustments to share of changes in equity of associates and joint ventures		-	73,905	-	-	-	-	-	-	-	73,905
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(43,632)	-	43,632	-	-	-
Others (overdue dividends)		-	1,168	-	-	-	-	-	-	-	1,168
Balance at December 31, 2018		$ 7,303,799	$ 5,633,933	$ 4,617,199	$ 1,861,304	$ 8,455,531	($ 985,814)	($ 3,460,880)	$ 1,381,667	($ 728,584)	$ 24,078,155
Year ended December 31, 2019											
Balance at January 1, 2019		$ 7,303,799	$ 5,633,933	$ 4,617,199	$ 1,861,304	$ 8,455,531	($ 985,814)	($ 3,460,880)	$ 1,381,667	($ 728,584)	$ 24,078,155
Profit for 2019		-	-	-	-	5,838,817	-	-	-	-	5,838,817
Other comprehensive income (loss) for 2019	6(19)	-	-	-	-	(13,143)	(1,129,577)	322,426	-	-	(820,294)
Total comprehensive income (loss) for 2019		-	-	-	-	5,825,674	(1,129,577)	322,426	-	-	5,018,523
Appropriations of 2018 earnings	6(18)										
Legal reserve		-	-	359,071	-	(359,071)	-	-	-	-	-
Special reserve		-	-	-	1,244,101	(1,244,101)	-	-	-	-	-
Cash dividends		-	-	-	-	(2,766,858)	-	-	-	-	(2,766,858)
Employees' of stock dividends	6(16)	41,176	238,824	-	-	-	-	-	-	-	280,000
Transfer treasury shares to employees		-	164,322	-	-	-	-	-	-	417,307	581,629
Cash dividends paid to the subsidiaries		-	141,980	-	-	-	-	-	-	-	141,980
Adjustments to share of changes in equity of associates and joint ventures		-	46,544	-	-	-	-	-	-	-	46,544
Difference between proceeds from addition and disposal of subsidiary and book value		-	(111,598)	-	-	-	-	-	-	-	(111,598)
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(540,517)	-	540,517	-	-	-
Balance at December 31, 2019		$ 7,344,975	$ 6,114,005	$ 4,976,270	$ 3,105,405	$ 9,370,658	($ 2,115,391)	($ 2,597,937)	$ 1,381,667	($ 311,277)	$ 27,268,375

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 6,251,742	$ 3,740,967
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	78,081	44,695
Amortisation	6(23)	13,123	17,937
Impairment loss determined in accordance with IFRS 9	12(2)	(2,956)	1,637
Share-based payments	6(15)	173,052	-
Interest income	6(21)	(22,771)	(18,894)
Dividend income	6(21)	(59,378)	(68,536)
Interest expense	6(25)	38,995	42,750
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	6(22)	(134,595)	494,292
Share of profit of associates accounted for using equity method	6(7)	(3,753,786)	(3,323,140)
Gain on disposal of property, plant and equipment	6(22)	(105)	(1,004)
(Loss) gain on fair value adjustment of investment property	6(22)	(67,593)	23,854
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		40,570	8,799
Accounts receivable		(2,239,155)	2,402,310
Accounts receivable - related parties		110,373	(96,707)
Other receivables		19,381	(3,928)
Other receivables - related party		1,269,427	(1,686,765)
Inventories, net		(1,653)	(328,893)
Prepayments		(8,709)	(53,707)
Changes in operating liabilities			
Notes payable		3,663	(1,225)
Accounts payable		105,756	(80,677)
Accounts payable - related parties		2,441,795	3,646,012
Contract liabilities - current		(2,696)	(13,276)
Other payables		855,556	226,286
Other payables - related parties		(89,073)	(35,110)
Other current liabilities		1,003	5,357
Defined benefit obligation - non-current		4,833	(10)
Cash inflow generated from operations		5,024,880	4,943,024
Interest received		22,771	18,894
Dividends received		702,915	708,913
Interest paid		(43,249)	(40,606)
Income tax paid		(264,009)	(413,377)
Net cash flows from operating activities		5,443,308	5,216,848

(Continued)

CHICONY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets and liabilities at fair value through profit or loss		($ 175,984)	($ 1,601,092)
Proceeds from disposal of financial assets and liabilities at fair value through profit or loss		1,123,722	1,099,893
Acquisition of financial assets through other comprehensive income		(71,867)	-
Proceeds from disposal of financial assets and liabilities at fair value through other comprehensive income		64,152	4,859
Acquisition of investments accounted for using equity method		(625,574)	(237,697)
Return of capital from investments accounted for using equity method		-	4,903
Increase in other receivables - related party		(252,020)	(155,530)
Acquisition of property, plant and equipment	6(28)	(135,865)	(372,613)
Disposal of property, plant and equipment		309	2,476
Acquisition of investment property		(376,095)	(83,249)
Proceeds from disposal of investment property received in advance		192,801	-
Acquisition of intangible assets		(9,620)	(15,089)
(Increase) decrease in refundable deposits		(38,493)	410
Acquisition of investments accounted for using equity method		-	19,539
Decrease (increase) in other non-current assets		2,932	(1,233)
Net cash flows used in investing activities		(301,602)	(1,334,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		(2,530,000)	(15,000)
Increase in other payables - related parties		371,413	-
Decrease in long-term borrowings		-	(380,000)
Payment of cash dividends	6(18)	(2,766,858)	(3,221,684)
Increase in guarantee deposits received		3,827	10,809
Repayment of lease liabilities		(18,869)	-
Payments to acquire treasury shares	6(16)	-	(211,419)
Overdue stock dividends		-	1,168
Treasury stock transferred to employees		408,578	-
Net cash flows used in financing activities		(4,531,909)	(3,816,126)
Net increase in cash and cash equivalents		609,797	66,299
Cash and cash equivalents at beginning of year	6(1)	121,874	55,575
Cash and cash equivalents at end of year	6(1)	$ 731,671	$ 121,874

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Chicony Electronics Co., Ltd. (the "Company") was incorporated in 1983 as a company limited by shares under the provisions of the Company Law of the Republic of China. The Company has been a listed company since 1999. The Company is engaged in the manufacturing and sales of keyboards and other computer peripheral components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 10, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Company increased 'right-of-use asset' and 'lease liability' both by $137,805 with respect to the lease contracts of lessees on January 1, 2019.

C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

   (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

   (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

   (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $1,984 was recognised in 2019.

   (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

D. The Company calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate of 1%.

E. The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The amount of aforementioned present values is the same as the amount of lease liabilities recognised on January 1, 2019.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3)Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

(a) The operating results and financial position of all the entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(iii) All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(5) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(7) Account and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. The Company's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; and the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / subsidiaries, associates and joint ventures

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

M. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(12) Property, plant and equipment

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

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

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

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. Except for buildings and structures which have a useful life of 55 years, the estimated useful lives of other fixed assets are 2~7 years.

(13) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

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

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

(14) Operating leases (lessee)

Applicable for 2018

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~3 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier.

Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

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

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

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

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

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

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods:

(a) Sales revenue of the Company are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies – evaluation of investment property

The Company follows the guidance of IAS 40 'Investment property' to determine the assets to be measured at fair value. The Company's investment properties are mainly land and buildings. Their fair value is determined by an external appraiser and the fair value may be adjusted by the judgement of the external appraiser.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates.

Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. Evaluation of investment property

The Company's investment properties are measured at fair value. The fair value is evaluated using the income approach by an external appraiser. It involves critical assumptions including occupancy rate, rent growth rate, discount rate, etc.. Those assumptions may be affected by the economic conditions, market needs, etc. that may change.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 298	$ 574
Checking accounts and demand deposits	731,373	121,300
	$ 731,671	$ 121,874

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

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 851,749	$ 1,010,396
Emerging stocks	28,399	112,227
Beneficiary certificates	98,140	333,544
Corporate bond	3,015	13,085
	981,303	1,469,252
Valuation adjustment	(418,466)	(482,638)
	$ 562,837	$ 986,614
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 403,354	$ 369,227
Beneficiary certificates	180,000	449,697
	583,354	818,924
Valuation adjustment	47,644	201,441
	$ 630,998	$ 1,020,365

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2019	2018
Equity instruments	$ 49,093	($ 282,884)
Debt instruments	263	68
Beneficiary certificates	85,239	(211,476)
Derivatives	(1,210)	-
	$ 133,385	($ 494,292)

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2019	December 31, 2018
Current items:		
Listed stocks	$ 1,066,113	$ 1,162,926
Valuation adjustment	(111,043)	(269,434)
	$ 955,070	$ 893,492
Non-current items:		
Listed stocks	$ 859,750	$ 859,750
Unlisted stocks	129,131	129,131
	988,881	988,881
Valuation adjustment	(895,629)	(874,072)
	$ 93,252	$ 114,809

A. The Company has elected to classify equity investments that are considered to be strategic investments or have steady dividend income as financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - non-current. The fair value of such investments on December 31, 2019 and 2018 was equivalent to their carrying amount.

B. The Company sold $64,152 and $4,859 of equity investments at fair value which resulted in cumulative losses on disposal of $104,528 and $6,198 and were transferred as a deduction item to unappropriated retained earnings during the years ended December 31, 2019 and 2018, respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
Equity instruments at fair value through other comprehensive income	2019	2018
Fair value change recognised in other comprehensive income	($ 403,682)	($ 262,624)
Cumulative losses reclassified to retained earnings due to derecognition	$ 104,528	$ 6,198
Dividend income recognised in profit or loss held at end of year	$ 24,274	$ 18,340

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 11,312	$ 51,882
Accounts receivable	$ 4,800,746	$ 2,565,768
Less: Allowance for uncollectible accounts	(32,966)	(40,099)
	$ 4,767,780	$ 2,525,669

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 4,426,239	$ 11,312	$ 2,158,253	$ 51,882
Up to 30 days	214,178	-	231,753	-
31 to 120 days	127,975	-	139,239	-
Over a year	32,354	-	36,523	-
	$ 4,800,746	$ 11,312	$ 2,565,768	$ 51,882

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, the balances of accounts and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $5,028,759.

C. The Company has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were equivalent to the carrying amount.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Transfer of financial assets-overall derecognition of transferred financial assets

A. The Company entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable and does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognised the transferred accounts receivable. As of December 31, 2019, details of the guarantee notes issued for the factoring agreement are provided in Note 9(2).

B. As of December 31, 2019, there were no outstanding accounts receivable sold.

C. As of December 31, 2018, the outstanding accounts receivable sold were as follows:

	December 31, 2018				
Purchaser of accounts recievable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced
E. SUN BANK	$ 1,619,443	$ 1,619,443	$ 2,626,075	$ 1,006,632	3.33%~3.47%

On December 31, 2018, the Company has no retention for the factoring of accounts receivable.

(6) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw mterials	$ 3,916	$ -	$ 3,916
Finished goods	1,093,428	(83,907)	1,009,521
Merchandise inventory	488,603	(20,460)	468,143
	$ 1,585,947	($ 104,367)	$ 1,481,580

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Finished goods	$ 1,172,056	$ (107,165)	$ 1,064,891
Merchandise inventory	443,071	(28,035)	415,036
	$ 1,615,127	($ 135,200)	$ 1,479,927

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2019	2018
Cost of goods sold	$ 23,055,982	$ 20,301,144
(Gain on reversal of) loss on decline in market value	(30,833)	27,253
	$ 23,025,149	$ 20,328,397

The Company reversed a previous inventory allowance for loss on decline in market value which was accounted for as reduction of cost of goods sold because of the clearance of inventories in 2019.

(7) Investments accounted for using equity method

A. Investments accounted for under the equity method were as follows:

	December 31, 2019	December 31, 2018
Shown as investments accounted for using equity method		
Subsidiaries		
Chicony Overseas Inc.	$ 22,800,344	$ 20,885,683
Chicony Electronics (Thailand) Co., Ltd.	230,756	193
Hipro Overseas (BVI) Inc.	2,721,424	2,747,568
XAVi Technology Corp.	358,188	265,241
Chicony Power Technology Co., Ltd.	3,146,608	2,631,400
Chicony Global Inc.	2,987,312	3,353,224
Unikey Electronics Co., Ltd.	1,204,078	720,549
	$ 33,448,710	$ 30,603,858
Shown as other non-current liabilities		
Subsidiaries		
Hipro Electronics Ltd.	$ 322,053	$ 450,063

B. The share of profit (loss) of subsidiaries and associates accounted for using equity method for the years ended December 31, 2019 and 2018 are as follows:

	Years ended December 31,	
	2019	2018
Subsidiaries		
Chicony Overseas Inc.	$ 2,616,094	$ 2,089,203
Chicony Electronics (Thailand) Co. Ltd.	(38,838)	-
Hipro Overseas (BVI) Inc.	38,031	29,152
Had Eri Iou Industrial Inc. Ltd.	-	(3,329)
XAVi Technology Corp.	80,479	(99,014)
Chicony Power Technology Co., Ltd.	833,695	478,863
Chicony Global Inc.	(291,753)	400,928
Hipro Overseas (BVI) Inc.	17,340	(3,053)
Unikey Electronics Co., Ltd.	498,738	430,390
	$ 3,753,786	$ 3,323,140

C. For the information about subsidiaries, refer to Note 4(3) of consolidated financial statements for the year ended December 31, 2019.

(8) Property, plant and equipment

	Land	Buildings and structures	Testing equipment	Construction in progress	Others	Total
At January 1, 2019						
Cost	$ 327,859	$ 1,592,780	$ 60,009	$ 36,770	$ 154,127	$ 2,171,545
Accumulated depreciation and impairment	-	(54,825)	(45,518)	-	(103,032)	(203,375)
	$ 327,859	$ 1,537,955	$ 14,491	$ 36,770	$ 51,095	$ 1,968,170
2019						
Opening net book amount as at January 1	$ 327,859	$ 1,537,955	$ 14,491	$ 36,770	$ 51,095	$ 1,968,170
Additions	-	-	14,730	1,730	6,240	22,700
Disposals	-	-	-	-	(204)	(204)
Reclassifications	-	(1,556)	-	(36,522)	36,522	(1,556)
Depreciation	-	(28,452)	(6,455)	-	(23,719)	(58,626)
Closing net book amount as at December 31	$ 327,859	$ 1,507,947	$ 22,766	$ 1,978	$ 69,934	$ 1,930,484
At December 31, 2019						
Cost	$ 327,859	$ 1,591,225	$ 73,971	$ 1,978	$ 195,239	$ 2,190,272
Accumulated depreciation and impairment	-	(83,278)	(51,205)	-	(125,305)	(259,788)
	$ 327,859	$ 1,507,947	$ 22,766	$ 1,978	$ 69,934	$ 1,930,484

	Land	Buildings and structures	Testing equipment	Construction in progress	Others	Total
At January 1, 2018						
Cost	$ 1,058,486	$ 1,532,508	$ 49,777	$ 693,094	$ 151,372	$ 3,485,237
Accumulated depreciation and impairment	-	(46,905)	(41,631)	-	(98,222)	(186,758)
	$ 1,058,486	$ 1,485,603	$ 8,146	$ 693,094	$ 53,150	$ 3,298,479
2018						
Opening net book amount as at January 1	$ 1,058,486	$ 1,485,603	$ 8,146	$ 693,094	$ 53,150	$ 3,298,479
Additions	-	71,568	10,232	269,392	12,766	363,958
Disposals	-	-	-	-	(1,472)	(1,472)
Reclassifications	(730,627)	8,243	-	(925,716)	-	(1,648,100)
Depreciation	-	(27,459)	(3,887)	-	(13,349)	(44,695)
Closing net book amount as at December 31	$ 327,859	$ 1,537,955	$ 14,491	$ 36,770	$ 51,095	$ 1,968,170
At December 31, 2018						
Cost	$ 327,859	$ 1,592,780	$ 60,009	$ 36,770	$ 154,127	$ 2,171,545
Accumulated depreciation and impairment	-	(54,825)	(45,518)	-	(103,032)	(203,375)
	$ 327,859	$ 1,537,955	$ 14,491	$ 36,770	$ 51,095	$ 1,968,170

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2019	2018
Amount capitalised	$ -	$ 16,209
Range of the interest rates for capitalisation	-	0.96%~1.32%

B. For the information on property, plant and equipment pledged to others, please refer to Notes 6(3) and 8.

C. As the management intends to sell the Company's land and residential compound building located in Sanchong District, New Taipei City after construction completion, the Company reclassified "Land" and "Construction in progress" to "Investment property", amounting to $1,656,343 (the original book value). To promptly reflect the fair value information, the Company has undertaken a revaluation of the aforementioned properties in accordance with the regulations on revaluation at fair value when transferred to investment property at fair value in the fourth quarter of 2018. The revaluation surplus amounted to $155,281 which was recognised as other comprehensive income – revaluation surplus on the day of change in use of the property. After deduction of deferred tax liabilities recognised due to revaluation amounting to $150,136, the remaining balance of $5,145 was added to revaluation surplus of shareholders' equity.

(9) Leasing arrangements - lessee

Effective 2019

A. The Company leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Short-term leases with a lease term of 12 months or less comprise multifunction printers, low-value assets comprise certain offices and business vehicles. Those were not included in right-of-use assets.

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

	December 31, 2019	Year ended December 31, 2019
	Carrying amount	Depreciation charge
Buildings and structures	$ 118,350	$ 19,455

D. For the year ended December 31, 2019, the Company has no additions to right-of-use assets.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 1,292
Expense on short-term lease contracts	1,984
Expense on leases of low-value assets	920

F. For the year ended December 31, 2019, the Company's total cash outflow for leases was $23,065.

(10) Investment property

	2019	2018
At January 1	$ 8,047,823	$ 6,176,804
Additions – from subsequent expenditures	839,561	83,249
Reclassifications	6,033	1,811,624
Gain (loss) on fair value adjustment	67,593	(23,854)
At December 31	$ 8,961,010	$ 8,047,823

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2019	2018
Rental income from investment property	$ 121,761	$ 101,409
Direct operating expenses arising from the investment property that generated rental income during the year	$ 41,772	$ 41,443
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ 24,231	$ 33,596

B. Basis of investment property at fair value:

The Company's investment properties are land and buildings of office building and residential compound building. Office buildings are located in Sanchong District and Wugu District in New Taipei City. They mainly earn from rental revenue with rental period ranging from 1 to 7 years. Residential compound building is located in Sanchong District in New Taipei City. The main purpose is for sale.

The assumptions used for the years ended December 31, 2019 and 2018 are as follows:

(a) Details of the Company's investment property are as follows:

The subject	December 31, 2019			
	CEC Headquarters	Wugu Building	Chincony Laboratory	Residential Compound Building
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia	Panasia
Appraiser	Shao You, Chung	Wei Yuan, Cheng	Wei Yuan, Cheng	Shao You, Chung
Evaluation basis date	December 16, 2019 (Note)	December 16, 2019 (Note)	December 16, 2019 (Note)	December 16, 2019 (Note)

The subject	December 31, 2018			
	CEC Headquarter	Wugu Building	Chincony Laboratory	Residential Compound Building
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia	Panasia
Appraiser	Shao You, Chung	Wei Yuan, Cheng	Wei Yuan, Cheng	Shao You, Chung
Evaluation basis date	November 30, 2018 (Note)	October 22, 2018 (Note)	October 22, 2018 (Note)	Octorber 30, 2018 (Note)

Note: We obtained validity statements of appraisal report as of December 31, 2019 and 2018 from appraiser.

(b) The Company's office buildings' (including car parks) fair value was evaluated using the discounted cash flow analysis of income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; includes idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulated until the valuation date. Future cash outflow consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortisation of agent fee and etc., is estimated by the actual expenses incurred in the current year, considering the Company's current operating results and changes which may occur in the future.

(c) The rent, occupancy rate and income of the Company's office buildings (including car parks) and comparative rent information of similar properties are as follows:

The subject	Estimated rent ($/3.3m^2/month)	Similar comparative subject in local or market	Occupancy rate	Income of past year
Year ended December 31, 2019				
CEC Headquarter	$870~$1044	Equivalent to estimated rent	62.07%	$ 98,886
Wugu Building	$277~$725	Equivalent to estimated rent	100%	22,040
Chicony Laboratory	$720	Equivalent to estimated rent	100%	835
Residential Compound Building	$822~$984	Equivalent to estimated rent	-	-

The subject	Estimated rent ($/3.3m^2/month)	Similar comparative subject in local or market	Occupancy rate	Income of past year
Year ended December 31, 2018				
CEC Headquarter	$521~$1,076	Equivalent to estimated rent	53.42%	$ 79,369
Wugu Building	$291~$713	Equivalent to estimated rent	100%	22,040
Chicony Laboratory	$718	Equivalent to estimated rent	-	-
Residential Compound Building	$838~$993	Equivalent to estimated rent	-	-

(d) Rent growth rate is evaluated by considering the lease contract and actual market situation. Discount rate is evaluated by risk premium approach which takes the return rate on investment of the most general goods as standard, adopted the floating interest rate on a 2-year time deposits of a small amount, as posted by the Chunghwa Post Co., Ltd. plus 0.75 percentage points; and explore the liquidity, risk level, value-added level and the ease of management of the subject. The range of rent growth rate and discount rate are as follows:

	December 31, 2019			
	CEC Headquarter	Wugu Building	Chincony Laboratory	Residential Compound Building
Rent growth rate	1.00%	1.00%	1.00%	1.00%
Discount rate	2.40%	3.05%	2.55%	2.22%

	December 31, 2018			
	CEC Headquarter	Wugu Building	Chincony Laboratory	Residential Compound Building
Rent growth rate	1.00%	0.50%	1.00%	1.00%
Discount rate	3.75%	4.05%	2.85%	3.05%

C. The fair value information about the investment property is provided in Note 12(3).

D. Information about the investment property that was pledged to others as collateral is provided in Notes 6(13) and 8.

E. For the years ended December 31, 2019 and 2018, the information on the reclassifications of the Company's investment property is provided in Note 6(8).

F. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2019	2018
Amount capitalised	$ 10,054	$ -
Range of the interest rates for capitalisation	0.48%~1.44%	-

(11) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank unsecured borrowings	$ 600,000	0.8%~0.85%	None

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank unsecured borrowings	$ 3,130,000	0.85%~0.93%	None

As of December 31, 2019 and 2018, the Company had issued guarantee notes for the short-term borrowings amounting to $13,852,580 and $12,000,600, respectively.

(12) Other payables

	December 31, 2019	December 31, 2018
Employees' compensation and directors' and supervisors' remuneration payable	$ 892,847	$ 534,286
Salary payable and annual bonus	689,329	422,761
Marketing allowance payable	545,079	653,726
Construction and equipment expense payable	472,277	121,976
Storage charge payable	72,771	54,156
Freight charges and customs clearing fee payable	41,973	39,133
Insurance expense payable	37,688	26,368
Others	119,195	95,423
	$ 2,871,159	$ 1,947,829

(13) Long-term borrowings

As of December 31, 2019 and 2018, the Company had no long-term borrowings while issued guarantee notes for the long-term borrowings amounted to $2,000,000 and $0, respectively.

In the fourth quarter of 2018, the Company had signed individual credit contracts with E. Sun Commercial Bank, Land Bank of Taiwan and Hua Nan Commercial Bank for long-term operating use. The contract period is 5 years, and the revolving loan facilities are $2,000,000, $1,000,000 and $1,000,000, respectively. For the credit lines mentioned above, the Company has pledged partial floors of the headquarters building as described in Note 8.

(14) Pensions

A. Defined benefit plan: Employee contributions

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 284,256)	($ 286,990)
Fair value of plan assets	116,760	135,315
Net accrued pension liability	($ 167,496)	($ 151,675)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	($ 286,990)	$ 135,315	($ 151,675)
Current service cost	(1,878)	-	(1,878)
Interest (expense) income	(2,870)	1,373	(1,497)
Past service cost	(5,288)	-	(5,288)
	($ 297,026)	$ 136,688	($ 160,338)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,702	4,702
Change in demographic assumptions	(208)	-	(208)
Change in financial assumptions	(6,397)	-	(6,397)
Experience adjustments	(9,085)	-	(9,085)
	(15,690)	4,702	(10,988)
Pension fund contribution	-	3,830	3,830
Paid pension	28,460	(28,460)	-
Balance at December 31	($ 284,256)	$ 116,760	($ 167,496)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 279,073)	$ 130,516	($ 148,557)
Current service cost	(2,277)	-	(2,277)
Interest (expense) income	(3,139)	1,491	(1,648)
	($ 284,489)	$ 132,007	($ 152,482)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,801	3,801
Change in demographic assumptions	(13,678)	-	(13,678)
Change in financial assumptions	(3,019)	-	(3,019)
Experience adjustments	9,768	-	9,768
	(6,929)	3,801	(3,128)
Pension fund contribution	-	3,935	3,935
Paid pension	4,428	(4,428)	-
Balance at December 31	($ 286,990)	$ 135,315	($ 151,675)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	2019	2018
Discount rate	0.750%	1.000%
Future salary increases	2.500%	2.500%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 6,397)	$ 6,623	$ 6,401	($ 6,216)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 6,453)	$ 6,684	$ 6,478	($ 6,288)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2019 and 2018 are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2020 amount to $3,780.

(g) As of December 31, 2019, the weighted average duration of the retirement plan is 9.1 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 10,737
1-2 year(s)	6,239
2-5 years	66,957
Over 5 years	101,696
	$ 185,629

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were $42,908 and $36,656, respectively.

(15) Share-based payment

For the year ended December 31, 2019, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2019.9.27	6,377 thousand shares	-	Vested immediately

A. Details of treasury stock transferred to employees are as follows:

	2019	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	6,377	64.26
Options exercised	(6,377)	64.26
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-

B. The fair value of stock options granted on grant date is measured using the closing price on the grant date less the exercise price.

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2019
Equity-settled	$ 173,052

The aforementioned options were all exercised on October 30, 2019.

(16) Share capital

A. As of December 31, 2019, the Company's authorised capital was $8,000,000, consisting of 800,000 thousand shares of ordinary stock and the paid-in capital was $7,344,975 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2019 (Note)	2018 (Note)
At January 1	686,640	680,642
Common stock dividends	-	3,620
Employee share compensation	4,118	6,155
Treasury stock transferred to employees	6,377	-
Repurchased shares as treasury stock	-	(3,591)
Subsidiary received stock dividend from parent company	-	(186)
At December 31	697,135	686,640

Note: Shares in thousands.

B. On March 7, 2019, the Company's Board of Directors approved the employees' stock bonus amounting to $280,000 at the previous closing price of $68 (in dollars) before the day of the Board of Directors' meeting (March 6, 2019), issuing 4,118 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 3, 2019, and the Company had completed the related registration on April 24, 2019.

C. On September 13, 2018, the Company's Board of Directors during its meeting resolved to purchase treasury shares with the ceiling of 10 million shares to be reissued to employees. As of November 13, 2018 (the expiration of the execution period), the Company has purchased 3,591 thousand treasury shares amounting to $211,419.

D. The stockholders during their meeting held on June 5, 2018 had approved to issue common stock dividends amounting to $36,199. A total of 3,620 thousand shares had been issued and, the Company has obtained a letter of approval from the appropriate authorities. The issue date was set on July 25, 2018, and the Company had completed the related registration on August 8, 2018.

E. On March 9, 2018, the Company's Board of Directors approved the employees' stock bonus amounting to $453,000 at the previous closing price of $73.6 (in dollars) before the day of the Board of Directors' meeting (March 8, 2018), issuing 6,155 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 3, 2018, and the Company had completed the related registration on April 23, 2018.

F. Treasury stock

(a) Reason for stocks reacquisition and movements in the number of the Company's treasury stocks are as follows:

		December 31, 2019		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	21,174	$ 205,795	$ 89.00
HEC	For investment	16,189	105,482	89.00
		37,363	$ 311,277	

		December 31, 2018		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
The Company	To be reissued to employees	6,377	$ 417,307	$ 62.60
UNIKEY	For investment	21,174	205,795	62.60
HEC	For investment	16,189	105,482	62.60
		43,740	$ 728,584	

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) Details of treasury stock transferred to employees are provided in Note 6(15).

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

A summary of the Company's capital surplus as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Share premium	$ 3,527,510	$ 3,288,686
Treasury share transactions	1,589,835	1,283,533
Difference between consideration and carrying amount of subsidiaries acquired or disposed	421,988	533,586
Changes in ownership interests in subsidiaries	573,501	526,957
Others	1,171	1,171
	$ 6,114,005	$ 5,633,933

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, if any; and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and as special reserve in accordance to relevant regulations when necessary; and the remainder, if any, to be appropriated shall be presented by the Board of Directors and resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy is summarised below: the Company is in the development of electronics industry, the dividend policy should be formulated by achieving both targets that supply the new products capital requirement and increase the return on shareholders' investment. Therefore, the total dividend each year cannot be above of the total distributable earnings, and the cash dividend cannot be less than 90% of the total dividend paid. The ratio is restricted until the total distributable common stock dividends reach $0.5 per share.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The Company elected to reclassify the unrealised revaluation increment and cumulative translation adjustment to unappropriated earnings and accrue special reserve by $433,524 on initial application of IFRSs.

E. The appropriations of 2018 and 2017 earnings had been resolved at the shareholders' meeting on June 5, 2019 and June 5, 2018, respectively, and the details are summarised below:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 359,071		$ 402,153	
Special reserve	1,244,101		1,427,780	
Stock dividends	-	$ -	36,199	$ 0.05
Cash dividends	2,766,858	3.80	3,221,684	4.45

F. Subsequent events: The appropriations of 2019 earnings had been proposed at the Board of Directors' meeting on March 10, 2020, but has not yet been resolved by the shareholders. Details are summarised below:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 583,882	
Special reserve	185,424	
Cash dividends	4,362,816	$ 5.9

As of March 10, 2020, the abovementioned appropriations of 2019 earnings has not been resolved by the shareholders.

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(24).

(19) Other equity items

	2019			
	Currency translation	Unrealised gains (losses) on valuation of financial assests	Revaluation increment	Total
At January 1	($ 985,814)	($ 3,460,880)	$ 1,381,667	($ 3,065,027)
Revaluation				
- Company	-	(403,682)	-	(403,682)
- Subsidiary	-	726,108	-	726,108
- Transfer out	-	540,517	-	540,517
Currency translation differences:				
- Company	(1,121,851)	-	-	(1,121,851)
- Associates	(7,726)	-	-	(7,726)
At December 31	($ 2,115,391)	($ 2,597,937)	$ 1,381,667	($ 3,331,661)

	2018				
	Currency translation	Available-for-sale investment	Unrealised gains (losses) on valuation of financial assets	Revaluation increment	Total
At January 1	($ 1,009,474)	($ 2,203,492)	$ -	$ 1,388,279	($ 1,824,687)
Effect of retrospective application and retrospective restatement	-	2,203,492	(3,108,883)	-	(905,391)
Balance at January 1 after adjustment	(1,009,474)	-	(3,108,883)	1,388,279	(2,730,078)
Revaluation					
- Company	-	-	(262,624)	155,281	(107,343)
- Tax on Company	-	-	-	(161,893)	(161,893)
- Subsidiary	-	-	(133,005)	-	(133,005)
- Transfer out	-	-	43,632	-	43,632
Currency translation differences:					
- Company	22,123	-	-	-	22,123
- Associates	1,537	-	-	-	1,537
At December 31	($ 985,814)	$ -	($ 3,460,880)	$ 1,381,667	($ 3,065,027)

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2019	2018
Revenue from contracts with customers		
Electronic components	$ 7,305,403	$ 7,454,903
Consumer electronic and other electronic products	20,208,431	15,932,786
Others	856,008	1,113,359
	$ 28,369,842	$ 24,501,048

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities	$ -	$ 2,696	$ 15,972

C. Contract liability balance at the beginning of 2019 and 2018 was all included in the operating revenue.

(21) Other income

	Years ended December 31,	
	2019	2018
Rental revenue	$ 121,761	$ 101,409
Interest income	22,771	18,894
Dividend income	59,378	68,536
Others	139,078	122,385
	$ 342,988	$ 311,224

(22) Other gains and losses

	Years ended December 31,	
	2019	2018
Net loss on financial assets and liabilities at fair value through profit or loss - derivatives instruments	($ 1,210)	$ -
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	134,595	(494,292)
Net currency exchange gain (loss)	399,545	(336,265)
Gain on disposal of property, plant and equipment	105	1,004
Gain (loss) on fair value adjustment of investment property	67,593	(23,854)
Others	(7,593)	(8,592)
	$ 593,035	($ 861,999)

(23) Expenses by nature

	Years ended December 31,	
	2019	2018
Employee benefit expense	$ 2,282,200	$ 1,488,887
Depreciation charges on property, plant and equipment and right-of-use asset	78,081	44,695
Amortisation on intangible assets	13,123	17,937

(24) Employee benefit expense

	Years ended December 31,	
	2019	2018
Wages and salaries	$ 2,055,283	$ 1,318,364
Labour and health insurance fees	81,856	61,415
Pension costs	51,571	40,582
Directors' and supervisors' remuneration	48,051	25,701
Other personnel expenses	45,439	42,825
	$ 2,282,200	$ 1,488,887

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 11% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $838,112 and $503,034, respectively; directors' and supervisors' remuneration was accrued at $52,070 and $31,252, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 11.74% and 0.73% of distributable profit of current year for the year ended December 31, 2019. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $838,112 and $52,070, respectively, and the employees' compensation will be distributed in the form of cash and shares.

Employees' compensation of $503,034 and directors' and supervisors' remuneration of $31,252 for 2018 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements. For the year ended December 31, 2018, 4,118 thousand shares of stock were issued as employee compensation, and the number of shares were calculated based on the price of $68 (in dollars).

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

C. As of December 31, 2019 and 2018, the Company had 797 and 717 employees, respectively. There were 6 and 4 directors who have not served as employees as of December 31, 2019 and 2018, respectively.

D. (a) Average employee benefit expense in 2019 and 2018 was $2,824 and $2,052, respectively.

(b) Average employee salaries in 2019 and 2018 were $2,598 and $1,849 respectively.

(c) Adjustment of average employee salaries was 41%.

(25) Finance costs

	Years ended December 31,	
	2019	2018
Interest expense		
Bank loan	$ 44,563	$ 57,763
Lease liability	1,292	-
Others	3,194	1,196
Less: Capitalisation of qualifying assets	(10,054)	(16,209)
	$ 38,995	$ 42,750

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 187,463	$ 316,821
Tax on undistributed surplus earnings	1,455	-
Prior year income tax overestimation	-	(70,678)
Income tax expense	188,918	246,143
Deferred tax:		
Origination and reversal of temporary differences	224,007	(98,559)
Impact of change in tax rate	-	2,672
Income tax expense	$ 412,925	$ 150,256

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2019	2018
Revaluation increment	$ -	$ 150,136
Impact of change in tax rate	-	11,757
	$ -	$ 161,893

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 1,250,348	$ 748,193
Prior year income tax overestimation	-	(70,678)
Tax on undistributed earnings	1,455	-
Effect from items adjusted in accordance with tax regulation	(838,878)	(527,259)
Income tax expense	$ 412,925	$ 150,256

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	2019		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
- Deferred tax liabilities:			
Fair value adjustment of investment property	($ 376,130)	($ 126,911)	($ 503,041)
Unrealised exchange gain	-	(97,096)	(97,096)
	($ 376,130)	($ 224,007)	($ 600,137)

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax liabilities:				
Fair value adjustment of investment property	($ 207,244)	($ 6,993)	($ 161,893)	($ 376,130)
Unrealised exchange gain	(102,880)	102,880	-	-
	($ 310,124)	$ 95,887	($ 161,893)	($ 376,130)

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2019	December 31, 2018
Deductible temporary differences	$ 986,603	$ 1,272,047

E. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(27) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 5,838,817	691,107	$ 8.45
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	10,149	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 5,838,817	701,256	$ 8.33

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 3,590,711	688,299	$ 5.22
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	9,164	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 3,590,711	697,463	$ 5.15

The above weighted-average outstanding shares of common stock have been adjusted according to the earnings distribution approved by the Board of Directors and stockholders.

(28) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2019	2018
Purchase of property, plant and equipment	$ 22,700	$ 363,958
Add: Opening balance of payable on equipment	121,976	130,631
Less: Ending balance of payable on equipment	(8,811)	(121,976)
Cash paid during the year	$ 135,865	$ 372,613

(29) Changes in liabilities from financing activities

	2019			
	Short-term borrowings	Lease liability	Others	Total
At January 1	$ 3,130,000	$ 137,805	$ 357,830	$ 3,267,805
Changes in cash flow from financing activities	(2,530,000)	(18,869)	371,413	(2,548,869)
At December 31	$ 600,000	$ 118,936	$ 729,243	$ 718,936

	2018			
	Short-term borrowings	Long-term borrowings	Others	Total
At January 1	$ 3,145,000	$ 380,000	$ -	$ 3,525,000
Changes in cash flow from financing activities	(15,000)	(380,000)	357,830	(395,000)
At December 31	$ 3,130,000	$ -	$ 357,830	$ 3,130,000

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chicony Electronics (DongGuan) Co., Ltd.	Subsidiary
Chicony Electronics (Suzhou) Co., Ltd.	Subsidiary
Chicony Electronics (Chong-Qing) Co., Ltd.	Subsidiary
Mao-Ray Electronics (DongGuan) Co., Ltd.	Subsidiary
Chicony Global Inc.	Subsidiary
Mao-Feng International Inc.	Subsidiary
Real Young Electronics Co., Ltd.	Subsidiary
ShunOn Electronic Co.	Other related parties
Clevo Co.	Other related parties

Note: For the rest of the names of and relationship with related parties, please refer to Note 4(3) of consolidated financial statements.

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2019	2018
Sales of goods:		
- Subsidiaries	$ 6,363	$ 279
- Other related parties	2,337	1,285
Sales of services:		
- Chicony Global Inc.	642,802	794,038
- Chicony Electronics (Suzhou) Co., Ltd.	131,628	233,288
- Subsidiaries	68,227	63,100
	$ 851,357	$ 1,091,990

The price, terms of the sale and related contracts with related parties were the same with those to third parties, with reasonable rebates. In general, the collection periods ranged from 60 to 90 days. However, extension is given depending on financial situation of related parties.

B. Purchases:

	Years ended December 31,	
	2019	2018
Purchases of goods:		
- Chicony Electronics (DongGuan) Co., Ltd.	$ 8,907,899	$ 7,765,459
- Chicony Electronics (Suzhou) Co., Ltd.	7,585,918	6,595,482
- Mao-Ray Electronics (DongGuan) Co., Ltd.	4,517,159	4,662,471
- Subsidiaries	294,394	276,484
	$ 21,305,370	$ 19,299,896

The terms of the purchases from related parties were the same as those to third parties.

C. Receivables from related parties:

	December 31, 2019	December 31, 2018
Accounts receivable:		
- Chicony Electronics (Suzhou) Co., Ltd.	$ 138,588	$ 252,938
- Chicony Electronics (Chong-Qing) Co., Ltd.	66,930	64,418
- Subsidiaries	29	80
- Other related parties	1,990	474
	207,537	317,910
Other receivables		
- Real Young Electronics Co., Ltd.	582,932	1,797,405
- Chicony Global Inc.	233,937	294,946
- Subsidiaries	28,515	22,498
- Other related parties	101	63
	845,485	2,114,912
	$ 1,053,022	$ 2,432,822

(a) The receivables from related parties arise mainly from sale transactions and providing marketing services. The credit term is limited from 60 to 90 days after the date of transaction. However, extension is given depending on financial situation of related parties. The receivables are unsecured in nature and bear no interest. There was no allowance for doubtful accounts receivable from related parties.

(b) Other non-operating receivables due from related parties mainly arose from payments on behalf of others, management consulting service income, office rental income (no interest charged) and interest receivables from loans to related party.

D. Payables to related parties:

	December 31, 2019	December 31, 2018
Accounts payable:		
- Chicony Electronics (DongGuan) Co., Ltd.	$ 13,665,270	$ 10,818,902
- Chicony Electronics (Suzhou) Co., Ltd.	5,625,590	5,346,086
- Mao-Ray Electronics (DongGuan) Co., Ltd.	3,398,726	4,085,025
- Subsidiaries	74,634	72,412
	22,764,220	20,322,425
Other payables:		
- Mao-Feng International Inc.	699,543	708,373
- Chicony Electronics (DongGuan) Co., Ltd.	33,862	111,274
- Subsidiaries	19,462	23,948
- Other related parties	1,655	-
	754,522	843,595
	$ 23,518,742	$ 21,166,020

(a) The payables from related parties arise mainly from purchase transactions. The credit term is limited from 30 to 60 days after the date of transaction. The payables are unsecured in nature and bear no interest.

(b) Other accounts payable to related parties mainly arose from service expense, collection of payments on behalf of others, payments on behalf of related parties and interest payable on loans.

E. Service purchase – commission, maintenance repair services and marketing service expense

	Years ended December 31	
	2019	2018
Subsidiaries	$ 29,004	$ 24,737

F. Rent income / management consulting service income

(a) Rent income

	Years ended December 31	
	2019	2018
Subsidiaries	$ 59,926	$ 55,566

(b) Management consulting service income (shown as 'Miscellaneous income - others')

	Years ended December 31	
	2019	2018
Subsidiaries	$ 25,725	$ 21,888

G. Dividend income

	Years ended December 31	
	2019	2018
Subsidiaries (shown as deductions from 'Investments accounted for using equity method')	$ 643,537	$ 640,377
Other related parties (shown as 'Other income')	12,141	9,699
	$ 655,678	$ 650,076

H. Dividend expenditure

	Years ended December 31	
	2019	2018
Subsidiaries (shown as 'Addition to investments accounted for using equity method')	$ 141,980	$ 165,439

I. Financing

(a) Loans to related parties:

	December 31, 2019	December 31, 2018
Outstanding balance:		
Subsidiaries	$ 2,196,550	$ 1,944,530

	Years ended December 31,	
	2019	2018
Interest income:		
Subsidiaries	$ 20,337	$ 18,420

(b) Loans from related parties:

	December 31, 2019	December 31, 2018
Outstanding balance:		
Subsidiaries	$ 729,243	$ 357,830

	Years ended December 31,	
	2019	2018
Interest expense:		
Subsidiaries	$ 2,587	$ 1,196

J. Endorsements and guarantees and commitments

As of December 31, 2019 and 2018, the credit guarantee provided by the Company to subsidiaries' borrowings are as follows:

	Years ended December 31	
	2019	2018
Subsidiaries	$ 360,120	$ 368,580

(3) Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 227,053	$ 216,147
Termination benefits	1,684	2,119
	$ 228,737	$ 218,266

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2019	Book value December 31, 2018	Purpose
Refundable deposits (shown as "Other non-current assets")	$ 44,809	$ 6,316	Bid bond and margin for operating lease
Property, plant and equipment	436,703	540,284	Long-term borrowings
Investment property	4,278,523	4,269,344	Long-term borrowings
	$ 4,760,035	$ 4,815,944	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for the information in Notes 6(11) and (13), more information on significant commitments and contingencies is disclosed as follows:

(1) As of December 31, 2019, for bank loans, financing forward exchange contracts, bill purchased and commercial paper issuance, the Company provided standby promissory notes payable totaling $4,999,775 as security.

(2) As of December 31, 2019, the capital expenditures that have not yet been incurred amounted to $345,064.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) On March 10, 2020, the Board of Directors during its meeting resolved the distribution of earnings for the year of 2019 and proposed the distribution of employees' compensation and directors' and supervisors' remuneration. The information is provided in Notes 6(18) F and 6(24).

(2) The Company sold certain residential units and parking spaces (shown as investment property) in a condominium located in Sanchong District, New Taipei City at an estimated amount of over $488,820 to the employees of the Group and the related parties meeting certain specific requirements.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss - current	$ 562,837	$ 986,614
Financial assets at fair value through other comprehensive income - current	955,070	893,492
Financial assets at fair value through profit or loss - non-current	630,998	1,020,365
Financial assets at fair value through other comprehensive income - non-current	93,252	114,809
Financial assets at amortised cost - current		
Cash and cash equivalents	731,671	121,874
Notes receivable	11,312	51,882
Accounts receivable (including related parties)	4,975,317	2,843,579
Other receivables (including related parties)	3,061,482	4,098,270
Guarantee deposits paid	44,809	6,316
	$ 11,066,748	$ 10,137,201

	December 31, 2019	December 31, 2018
Financial liabilities		
Financial liabilities at amortised cost - current		
Short-term borrowings	$ 600,000	$ 3,130,000
Notes payable	3,663	-
Accounts payable (including related parties)	23,103,444	20,555,893
Other payables (including related parties)	4,354,924	3,149,254
Lease liability	118,936	-
	$ 28,180,967	$ 26,835,147

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019				Year ended December 31, 2019		
					Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD 208,766	30.010	$ 6,301,927		1%	$ 63,019	$ -
Non-Monetary items							
USD:NTD	USD 958,611	30.010	$ 28,767,926		1%	$ -	$ 287,679
Financial liabilities							
Monetary items							
USD:NTD	USD 825,584	30.010	$ 24,775,775		1%	$ 247,758	$ -

	December 31, 2018				Year ended December 31, 2018		
					Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD 155,010	30.715	$ 4,761,132		1%	$ 47,611	$ -
Non-Monetary items							
USD:NTD	USD 896,232	30.715	$ 27,527,766		1%	$ -	$ 275,278
Financial liabilities							
Monetary items							
USD:NTD	USD 717,109	30.715	$ 22,026,003		1%	$ 220,260	$ -

Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018, amounted to $399,545 and ($336,265), respectively.

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $11,908 and $19,938, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $10,483 and $10,083, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2019 and 2018, the Company's borrowings at variable rate were denominated in the NTD, USD and JPY.

At December 31, 2019 and 2018, if market interest rates had been 0.25% higher with all other variables held constant, other comprehensive income for the years ended December 31, 2019 and 2018 would have been $252 and $0 higher, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and the contract cash flows of debt instruments stated at amortised cost and fair value through profit or loss.

ii. According to the Company's internal management policy, the Company only trade with the good credit bank. According to the credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

v. According to the Company's internal management policy, the default occurs when the contract payments are past due over 360 days.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2019 and 2018, the provision matrix is as follows:

	Expected loss rate	Total book value	Loss allowance
At December 31, 2019			
Not past due	0%~0.3%	$ 4,633,776	$ -
Up to 30 days past due	2%~5%	214,178	304
31 to 120 days past due	3%~10%	127,975	308
Over one year past due	100%	32,354	32,354
		$ 5,008,283	$ 32,966

	Expected loss rate	Total book value	Loss allowance
At December 31,2018			
Not past due	0%~0.3%	$ 2,476,163	$ -
Up to 30 days past due	2%~5%	231,753	2,744
31 to 120 days past due	3%~10%	139,239	832
Over one year past due	100%	36,523	36,523
		$ 2,883,678	$ 40,099

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2019
	Accounts receivable
At January 1	$ 40,099
Reversal of impairment	(2,956)
Write-offs	(4,177)
At December 31	$ 32,966

	2018
	Accounts receivable
At January 1_IAS 39	$ 38,462
Adjustments under new standards	-
At January 1_IFRS 9	38,462
Provision for impairment	1,637
Effects of foreign exchange	-
At December 31	$ 40,099

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2019 and 2018, the Company held money market position of $2,249,280 and $2,001,406, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2019	December 31, 2018
Expiring within one year	$ 13,252,580	$ 8,870,600
Expiring beyond one year	4,000,000	4,000,000
	$ 17,252,580	$ 12,870,600

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2019 Non-derivative financial liabilities:	Less than 1 year	Over 1 year
Short-term borrowings	$ 600,172	$ -
Accounts payable (including related parties)	23,103,444	-
Other payables (including related parties)	4,354,924	-
Lease liability	20,160	102,480

December 31, 2018 Non-derivative financial liabilities:	Less than 1 year	Over 1 year
Short-term borrowings	$ 3,132,326	$ -
Accounts payable (including related parties)	20,555,893	-
Other payables (including related parties)	3,149,254	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks (including emerging stocks), beneficiary certificates and convertible bonds, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain derivative instruments and investment property is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable and other payables (including related parties) are approximate to their fair values.

C. The related information of financial instruments were at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	$ 451,697	$ -	$ -	$ 451,697
Debt securities	3,000	-	-	3,000
Beneficiary certificates	108,140	-	-	108,140
Financial assets mandatorily measured at fair value through profit or loss - non current				
Equity securities	-	-	518,318	518,318
Beneficiary certificates	28,620	-	84,060	112,680
Financial assets measured at fair value through other comprehensive income - current				
Equity securities	955,070	-	-	955,070
Financial assets measured at fair value through other comprehensive income - non current				
Equity securities	-	12,758	80,494	93,252
Investment property (Note)	-	-	8,961,010	8,961,010
	$ 1,546,527	$ 12,758	$ 9,643,882	$ 11,203,167

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	$ 677,873	$ -	$ -	$ 677,873
Debt securities	13,132	-	-	13,132
Beneficiary certificates	295,609	-	-	295,609
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	425,333	425,333
Beneficiary certificates	507,282	-	87,750	595,032
Financial assets measured at fair value through other comprehensive income - current				
Equity securities	893,492	-	-	893,492
Financial assets measured at fair value through other comprehensive income - non-current				
Equity securities	-	20,982	93,827	114,809
Investment property (Note)	-	-	8,047,823	8,047,823
	$ 2,387,388	$ 20,982	$ 8,654,733	$ 11,063,103

Note: Investment property measured at fair value.

(b) The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Emerging shares	Open-end fund	Convertible bond
Market quoted price	Closing price	Average trade price	Net asset value	Closing

D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019		
	Beneficiary certificates	Equity securities	Total
At January 1	$ 87,750	$ 519,160	$ 606,910
Acquired in the year	-	30,000	-
Sold in the year	-	(15,407)	(15,407)
(Losses) gains recognised in profit or loss	(3,690)	78,392	74,702
Gains recognised in other comprehensive income	-	(13,333)	(13,333)
At December 31	$ 84,060	$ 598,812	$ 652,872
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2019 (Recorded under other gains and losses)	($ 3,690)	$ 78,392	$ 74,702

	2018		
	Beneficiary certificates	Equity securities	Total
At January 1	$ 87,120	$ 554,366	$ 641,486
Sold in the year	-	(16,150)	(16,150)
Gains (losses) recognised in profit or loss	630	(20,060)	(19,430)
Gains recognised in other comprehensive income	-	1,004	1,004
At December 31	$ 87,750	$ 519,160	$ 606,910
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2018 (Recorded under other gains and losses)	$ 630	($ 20,060)	($ 19,430)

For the information on investment property movement in level 3, please refer to Note 6(10).

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 11,790	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	587,022	Net asset value	N/A		N/A
Venture capital shares	84,060	Net asset value	N/A	-	N/A
Private equity fund investment					
Investment property	8,961,010	Income approach	Revenue growth rate Discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 26,910	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	492,250	Net asset value	N/A		N/A
Venture capital shares	87,750	Net asset value	N/A	-	N/A
Private equity fund investment					
Investment property	8,047,823	Income approach	Revenue growth rate Discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Market approach, Net asset value	±1%	$ 5,183	($ 5,183)	$ 805	($ 805)
Beneficiary certificates	Net asset value	±1%	841	(841)	-	-
			$ 6,024	($ 6,024)	$ 805	($ 805)

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Market approach, Net asset value	±1%	$ 4,253	($ 4,253)	$ 938	($ 938)
Beneficiary certificates	Net asset value	±1%	878	(878)	-	-
			$ 5,131	($ 5,131)	$ 938	($ 938)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 6.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 7.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 8.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and (22) in the consolidated financial statements.

J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 13(1).

14. SEGMENT INFORMATION

Not applicable.

CHICONY ELECTRONICS CO., LTD.
DETAILS OF CASH AND CASH EQUIVALENTS
December 31, 2019
(In thousands of New Taiwan Dollars)

Items	Summary	Amount
Cash on hand and revolving funds		$ 163
Foreign currency on hand	USD 4.5 @ 30.01	135
Foreign currency deposits	USD 20,297 @ 30.01	609,108
Checking accounts and demand deposits		122,265
		$ 731,671

CHICONY ELECTRONICS CO., LTD.
DETAILS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
Year ended December 31, 2019
(In thousands of New Taiwan Dollars)

Name of financial instrument	Summary	No. of shares/sheets/ units (Note)	Face value	Amount	Interest rate	Acquisition Cost	Fair value Unit price	Fair value Amount
Listed stocks								
Laster Tech Corporation Ltd.		4,923				$ 449,675	$ 30.35	$ 149,401
MOSA INDUSTRIAL CORPORATION		485				28,054	42.30	20,515
Newmax Technology Co., Ltd.		1,244				82,332	92.00	114,412
PharmaEngine, Inc.		1,134				173,771	68.50	77,679
ASLAN PHARMACEUTICALS LIMITED		1,100				54,655	8.10	8,910
Solar Applied Materials Technology Corp.		2,985				63,262	22.45	67,014
						851,749		437,931
Emerging stocks								
TWi Pharmaceuticals, Inc.		115				7,590	8.73	1,006
JHL BIOTECH, INC.		290				20,809	44.00	12,760
						28,399		13,766
Beneficiary certificates								
Fuh Hwa Digital Economy Fund		2,000				98,140	54.07	108,140
Domestic convertible bonds								
Everlight Electronics Co., Ltd.								
The sixth unsecured convertible bonds		30				3,015	100.00	3,000
						$ 981,303		$ 562,837

Note: In thousand shares/thousand sheet/thousand units

(continued)

CHICONY ELECTRONICS CO., LTD.

DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

Year ended December 31, 2019

(In thousands of New Taiwan Dollars)

Name of financial instrument	Summary	No. of shares/sheets/ units (Note)	Face value	Amount	Interest rate	Acquisition Cost	Fair value Unit price	Fair value Amount
Listed stocks								
Clevo Co.		13,101				$ 564,539	$ 36.80	$ 482,102
Genesis Photonics Inc.		304				21,350	4.44	1,351
AcBel Polytech Inc.		3,727				172,043	24.15	90,007
ShunOn Electronic Co.		11,708				252,855	30.90	361,785
Alcor Micro Corp.		1,406				55,326	14.10	19,825
						$ 1,066,113		$ 955,070

Note: In thousand shares/thousand sheet/thousand units

CHICONY ELECTRONICS CO., LTD.
DETAILS OF ACCOUNTS RECEIVABLE
December 31, 2019
(In thousands of New Taiwan Dollars)

Client Name	Summary	Amount	Remark
Client			
A Company		$ 1,421,288	
B Company		496,393	
C Company		453,957	
D Company		382,615	
E Company		315,139	
F Company		300,304	
Others		1,431,050	Amount past due over one year is $32,354
		4,800,746	Each individual customer balance did not
Less: Allowance for doubtful accounts		(32,966)	exceed 5% of the account balance.
		$ 4,767,780	
Related parties			
Chicony Electronics (Suzhou) Co., Ltd.		$ 138,588	
Chicony Electronics (ChongQing) Co., Ltd.		66,930	
Others		2,019	
		$ 207,537	

CHICONY ELECTRONICS CO., LTD.
DETAILS OF OTHER RECEIVABLES – RELATED PARTY
December 31, 2019
(In thousands of New Taiwan Dollars)

Items	Summary	Amount	Remark
Unikey Electronics Co., Ltd.		$ 1,255,811	
Quansun Investment Corp. Ltd.		604,982	
Real Young Electronics Co., Ltd.		582,932	
Chicony Global Inc.		233,937	
Qun-Jing Power Co., Ltd.		192,626	
Others		171,747	
		$ 3,042,035	

CHICONY ELECTRONICS CO., LTD.
DETAILS OF INVENTORIES
December 31, 2019
(In thousands of New Taiwan Dollars)

Items	Summary	Amount		Remark
		Costs	Net realisable value	
Raw materials		$ 3,916	$ 3,916	
Work in progress		1,093,428	1,352,786	
Finished goods		488,603	615,000	
Less: Allowance for valuation loss		(104,367)	-	
		$ 1,481,580	$ 1,971,702	

CHICONY ELECTRONICS CO., LTD.

DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON-CURRENT

Year ended December 31, 2019

(In thousands of New Taiwan Dollars)

Name and type		At January 1		Addition for the year		Decrease for the year		At December 31	
		Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value
WK Venture Capital Management Co., Ltd.	Stock	15,380	$ 192,796	-	$ 53,284	-	$ -	15,380	$ 246,080
Top Taiwan Venture Capital Management Co., Ltd.	"	7,500	71,689	-	-	-	(3,017)	7,500	68,672
Chen Ding Venture Capital Management Co., Ltd.	"	10,000	98,455	-	9,365	-	-	10,000	107,820
Sheng Da Venture Capital Management Co., Ltd.	"	-	-	3,000	30,000	-	-	3,000	30,000
Magi Capital Venture Co., Ltd.	Preferred stock	1,995	62,393	-	18,760	(1,541)	(15,407)	454	65,746
Fuh Hwa Smart Energy Securities Investment Trust Fund	Beneficiary certificates	9,000	87,750	-	-	-	(3,690)	9,000	84,060
Fuh Hwa Securities Investment Trust Fund	"	19,803	471,102	-	-	(19,803)	(471,102)	-	-
Fuh Hwa New Oriental Securities Investment Trust Fund	"	9,000	36,180	-	-	-	(7,560)	9,000	28,620
			$ 1,020,365		$ 111,409		($ 500,776)		$ 630,998

CHICONY ELECTRONICS CO., LTD.

DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT

Year ended December 31, 2019

(In thousands of New Taiwan Dollars)

Name and type		At January 1		Addition for the year		Decrease for the year		At December 31	
		Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value
TAIPEI TECH Venture Capital Co., Ltd.	Stock	3,500	$ 40,305	-	$ 6,122	-	$ -	3,500	$ 46,427
Maxima Ventures I, Inc.	"	13	131	-	-	-	-	13	131
Maxima Ventures II, Inc.	"	3,000	22,542	-	-	-	(3,765)	3,000	18,777
Taiwan Cultural and Creative Co., Ltd.	"	1,600	3,939	-	-	-	(570)	1,600	3,369
MKD Technology Inc.	"	1,600	26,910	-	-	-	(15,120)	1,600	11,790
Genesis Photonics Inc.	Private stock	18,568	20,982	-	-	(14,344)	(8,224)	4,225	12,758
			$ 114,809		$ 6,122		($ 27,679)		$ 93,252

Note: The reason of additions and decreases in financial assets at fair value through other comprehensive income - non-current was fair value valuation.

CHICONY ELECTRONICS CO., LTD.
DETAILS OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
(INCLUDING OTHER NONCURRENT LIABILITIES – OTHER)
Year ended December 31, 2019
(In thousands of New Taiwan Dollars)

Name	Balance at January 1		Addition for the year		Reduction for the year		Transfer for the year		Balance at December 31			Fair value or net assets value			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership	Amount	Unit price	Total amount	Collateral	Remark
Shown as investments accounted for under equity method															
Chicony Overseas Inc.	1,000	$ 20,885,683	-	$ 2,915,246	-	($ 1,000,585)	-	$ -	1,000	100%	$ 22,800,344	-	$ 22,734,913	None	
Chicony Electronics (Thailand) Co., Ltd.	322,427	193	4,000,957	409,214	-	(178,651)	-	-	4,323,384	70.73%	230,756	-	230,756	"	
Hipro Overseas (BVI) Inc.	12,560,000	2,747,568	-	38,031	-	(64,175)	-	-	12,560,000	100%	2,721,424	-	2,721,424	"	
Chicony Power Technology Co.,	184,690,594	2,631,400	3,719,000	1,296,825	-	(781,617)	-	-	188,409,594	49.28%	3,146,608	-	4,082,204	"	
XAVi Electronics Ltd.	44,014,301	265,241	1,627,972	162,300	-	(69,353)	-	-	45,642,273	45.94%	358,188	-	459,101	"	
Chicony Global Inc.	1,000,000	3,353,224	-	281,166	-	(647,678)	-	-	1,000,000	100%	2,987,312	-	3,312,396	"	
Unikey Electronics Co., Ltd.	150,000,000	720,549	-	752,836	-	(269,307)	-	-	150,000,000	100%	1,204,078	-	3,088,591	"	
Shown as other non-current liabilities - other															
Hipro Electronics Ltd.	4,660,000	(450,063)	-	179,393	-	(51,383)	-	-	4,660,000	100%	(322,053)	-	1,118,763	None	
		$ 30,153,795		$ 6,035,011		($ 3,062,749)		$ -			$ 33,126,657				

Note 1: The reason of additions in investment accounted for under equity method was increasing in share of profit of associates and joint ventures accounted for under equity method, financial statements translation differences of foreign operations under equity method, unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income under equity method, and cash dividends paid to the subsidiaries.

Note 2: The reason of decrease in investment accounted for under equity method was disposal of investments, increasing in share of loss of associates and joint ventures accounted for under equity method, financial statements trasnlation differences of foreign operations under equity method, unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income under equity method, adjustments to share of changes in equity of associates and joint ventures, and cash dividends received from the subsidiaries.

Note 3: The reason of differences between the balance at December 31 and the net assets value of investments was unrealised gross profit and subsidiaries holding the Copmany's stock which treated as treasury stock writting off investments accounted for under equity method.

CHICONY ELECTRONICS CO., LTD.
DETAILS OF PROPERTY, PLANT AND EQUIPMENT
Year ended December 31, 2019
(In thousands of New Taiwan Dollars)

Please refer to Note 6(8) Property, plant and equipment.

CHICONY ELECTRONICS CO., LTD.
DETAILS OF RIGHT-OF-USE ASSET
Year ended December 31, 2019
(In thousands of New Taiwan Dollars)

Items	Balance at January 1	Addition for the year	Decrease for the year	Balance at December 31	Collateral	Remark
Buildings and structures	$ 137,805	$ -	($ 19,455)	$ 118,350	None	

CHICONY ELECTRONICS CO., LTD.
DETAILS OF SHORT-TERM BORROWINGS
December 31, 2019
(In thousands of New Taiwan Dollars)

Type	Note	Balance at December 31	Contract period	Range of interest rate	Loan commitments	Collateral	Remark
Credit loans (Note)	-	$ 600,000	Less than 1 year	0.8%-0.85%	$ 13,852,580	-	None

Note: The partners of credit loans were Bank of Communications Co., Ltd. and Crédit Agricole Corporate and Investment Bank.

CHICONY ELECTRONICS CO., LTD.
DETAILS OF ACCOUNTS PAYABLE
December 31, 2019
(In thousands of New Taiwan Dollars)

Client Name	Summary	Amount	Remark
Client			
A Company		$ 87,571	
B Company		66,701	
C Company		32,435	
D Company		25,468	
E Company		20,380	
Others		106,669	Each individual customer balance did
		$ 339,224	not exceed 5% of the account balance.
Related parties			
Chicony Electronics (DongGuan) Co., Ltd.		$ 13,665,270	
Chicony Electronics (Suzhou) Co., Ltd.		5,625,590	
Mao-Ray Electronics (DongGuan) Co., Ltd.		3,398,726	
Others		74,634	
		$ 22,764,220	

CHICONY ELECTRONICS CO., LTD.
DETAILS OF OTHER PAYABLES
December 31, 2019
(In thousands of New Taiwan Dollars)

Please refer to Note 6(12) Other payables.

CHICONY ELECTRONICS CO., LTD.
DETAILS OF LEASE LIABILITIES
December 31, 2019
(In thousands of New Taiwan Dollars)

Items	Lease term	Discount rate	Balance at December 31	Remark
Buildings and structures	February 1, 2018 to January 31, 2026	1%	$ 118,936	

CHICONY ELECTRONICS CO., LTD.
DETAILS OF SALES REVENUE
Year ended December 31, 2019
(In thousands of New Taiwan Dollars)

Items	Shipments	Amount	Remark
Electronic component products	32,845 thousand pieces	$ 7,305,403	
Consumer and other electronic products	43,231 thousand pieces	20,208,431	
Others		856,008	
		$ 28,369,842	

CHICONY ELECTRONICS CO., LTD.
DETAILS OF OPERATING COSTS
Year ended December 31, 2019
(In thousands of New Taiwan Dollars)

Items		Amount
Materials at January 1	$	-
Add: Purchases		10,305
Less: Materials at December 31	(	3,916)
Cost of materials sold	(	6,380)
Transfer to operating expenses	(	9)
Materials used during the peroid		-
Direct labor		-
Manufacturing expenses		-
Manufacturing cost		-
Add: Finished goods inventory at January 1		1,615,127
Purchases		7,396,036
Less: Finished goods inventory at December 31	(	1,582,031)
Transfer to operating expenses	(	2,250)
Cost of goods sold of triangular trade		15,578,235
Cost of materials sold		6,380
Loss on decline (gain on reversal of) in market value	(	30,833)
Others		44,485
Operating cost	$	23,025,149

CHICONY ELECTRONICS CO., LTD.
DETAILS OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION
Year ended December 31, 2019
(In thousands of New Taiwan Dollars)

Items	Selling expenses	General and administrative expenses	Reserch and development expenses	Total
Wages and salaries	$ 362,408	$ 689,230	$ 1,003,645	$ 2,055,283
Pension costs	9,029	16,693	25,849	51,571
Rental expenses	992	712	1,200	2,904
Travelling expenses	13,421	19,403	34,951	67,775
Shipment expenses	147,889	-	-	147,889
Postage and phone expenses	2,768	4,714	1,047	8,529
Repair and maintenance expenses	9,333	18,578	825	28,736
Advertising expenses	28,209	220	1	28,430
Utilities	1,279	6,642	2,856	10,777
Insurance expenses	24,840	31,245	44,060	100,145
Entertainment	9,658	3,391	1,163	14,212
Food stipend	4,533	5,964	10,917	21,414
Taxes	8,347	44,933	6,107	59,387
Depreciation	21,351	41,474	15,256	78,081
Amortisation	1,030	3,654	8,439	13,123
Employee benefits	3,014	3,685	7,455	14,154
Commission	675,846	-	-	675,846
Export charge fees	68,375	1,078	402	69,855
Donations	-	5,750	-	5,750
Service fees	11,256	40,505	15,609	67,370
Inspection fees	22,762	2,141	4,778	29,681
Research material expenses	21	-	16,151	16,172
Others	47,766	71,747	60,124	179,637
	$ 1,474,127	$ 1,011,759	$ 1,260,835	$ 3,746,721

CHICONY ELECTRONICS CO., LTD.
DETAILS OF OPERATING EXPENSES
Year ended December 31, 2019
(In thousands of New Taiwan Dollars)

Please refer to Note 6(23) Personnel expenses, depreciation and amortisation and Note 6(24) Employee benefit expenses

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
					(Note 4)	(Note 5)			(Note 3)						(Note 1,2)	(Note 1,2)	
0	The Company	Qun-Jing	Other receivables	Yes	$ 400,000	$ 200,000	$ 192,000	1.00%	2	$ -	Working capital	$ -	-	$ -	$ 8,180,513	$ 10,907,350	-
0	The Company	Quansun	"	"	1,300,000	650,000	603,000	1.00%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
0	The Company	UNIKEY	"	"	3,200,000	1,600,000	1,251,500	1.00%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
0	The Company	CET	"	"	627,900	600,200	150,050	1.00%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 20,000)	(USD 20,000)	(USD 5,000)										
1	CGI	The Company	"	"	1,004,640	960,320	729,243	2%-2.6%	2	-	"	-	-	-	US$ 110,376	US$ 110,376	-
					(USD 32,000)	(USD 32,000)	(USD 24,300)										
2	COI	CGI	"	"	6,008,925	3,601,200	3,526,465	1%-1.7%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 195,000)	(USD 120,000)	(USD 117,510)										
2	COI	CET	"	"	94,815	60,020	55,657	1.1%-1.5%	2	-	"	-	-	-	US$ 303,020	US$ 303,020	-
					(USD 3,000)	(USD 2,000)	(USD 1,855)										
2	COI	KUM	"	"	244,000	240,080	207,369	1.00%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 8,000)	(USD 8,000)	(USD 6,910)										
2	COI	CEM5	"	"	153,800	-	-	-	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 5,000)												
3	Mao-Feng	The Company	"	"	926,850	-	-	-	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 30,000)												
3	Mao-Feng	CGI	"	"	1,011,360	960,320	875,296	1.2%-1.3%	2	-	"	-	-	-	$ 8,180,513	$ 10,907,350	-
					(USD 32,000)	(USD 32,000)	(USD 29,167)										
4	CEM3	Mao-Qun	"	"	351,280	172,240	172,240	2.00%	2	-	"	-	-	-	$ 8,180,513	RMB 1,938,379	-
					(RMB 80,000)	(RMB 40,000)	(RMB 40,000)										
5	CEM5	CPDG	"	"	520,320	516,720	516,720	1.5%-1.7%	2	-	"	-	-	-	RMB 565,610	RMB 565,610	-
					(RMB 120,000)	(RMB 120,000)	(RMB 120,000)										
5	CEM5	CEM3	"	"	298,870	279,890	279,890	1.50%	2	-	"	-	-	-	RMB 565,610	RMB 565,610	-
					(RMB 65,000)	(RMB 65,000)	(RMB 65,000)										
5	CEM5	XAVi Suzhou	"	"	474,228	163,628	86,120	2.00%	2	-	"	-	-	-	RMB 226,244	RMB 226,244	-
					(RMB 108,000)	(RMB 38,000)	(RMB 20,000)										
6	HOI	CGI	"	"	2,228,153	2,054,515	2,054,515	1%-2%	2	-	"	-	-	-	US$ 90,684	US$ 90,684	-
					(USD 70,500)	(USD 68,461)	(USD 68,461)										
6	HOI	RealYoung	"	"	107,457	102,034	102,034	1.00%	2	-	"	-	-	-	US$ 90,684	US$ 90,684	-
					(USD 3,400)	(USD 3,400)	(USD 3,400)										
6	HOI	HEC	"	"	568,890	501,167	474,158	1.2%-2%	2	-	"	-	-	-	US$ 36,273	US$ 36,273	-
					(USD 18,000)	(USD 16,700)	(USD 15,800)										
7	CP	CPUS	"	"	189,630	180,060	156,052	1.70%	2	-	"	-	-	-	$ 3,313,477	$ 3,313,477	-
					(USD 6,100)	(USD 6,000)	(USD 5,200)										
7	CP	CPHK	"	"	1,517,040	1,440,480	1,301,534	1.70%	2	-	"	-	-	-	$ 3,313,477	$ 3,313,477	-
					(USD 48,000)	(USD 48,000)	(USD 43,370)										
7	CP	CPTH	"	"	91,500	90,030	360	1.70%	2	-	"	-	-	-	$ 3,313,477	$ 3,313,477	-
					(USD 3,000)	(USD 3,000)	(USD 12)										

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					(Note 4)	(Note 5)			(Note 3)						(Note 1,2)	(Note 1,2)	
7	CP	WTS	Other receivables	Yes	$ 63,210 (USD 2,000)	$ 60,020 (USD 2,000)	$ 34,632 (USD 1,154)	1.70%	2	-	Working capital	-	-	-	$ 3,313,477	$ 3,313,477	-
7	CP	CT	"	"	90,000	45,000	27,600	1.5%-1.7%	2	-	"	-	-	-	$ 3,313,477	$ 3,313,477	-
8	CPI	CPUS	"	"	173,828 (USD 5,500)	-	-	1.60%	2	-	"	-	-	-	$ 2,485,108	$ 3,313,477	-
8	CPI	CPHK	"	"	1,295,805 (USD 41,000)	-	-	1.60%	2	-	"	-	-	-	$ 2,485,108	$ 3,313,477	-
8	CPI	WTS	"	"	41,087 (USD 1,300)	-	-	2.00%	2	-	"	-	-	-	US$ 75,057	US$ 75,057	-
9	WTS	WT	"	"	44,247 (USD 1,400)	-	-	2.00%	2	-	"	-	-	-	US$ 2,049	US$ 2,049	-
10	CPSZ	WTK	"	"	16,553 (RMB 3,600)	-	-	1.60%	2	-	"	-	-	-	RMB 227,964	RMB 227,964	-
10	CPSZ	Zhuzhou Torch Auto Lamp Co., Ltd.	"	"	331,056 (RMB 72,000)	-	-	1.60%	2	-	"	-	-	-	RMB 227,964	RMB 227,964	-
11	CPDG	Zhuzhou Torch Auto Lamp Co., Ltd.	"	"	257,070 (RMB 57,000)	245,442 (RMB 57,000)	244,581 (RMB 56,800)	1.60%	2	-	"	-	-	-	RMB 106,956	RMB 106,956	-
11	CPDG	WTK	"	"	16,236 (RMB 3,600)	15,502 (RMB 3,600)	15,502 (RMB 3,600)	1.60%	2	-	"	-	-	-	RMB 106,956	RMB 106,956	-

Note 1: In accordance with the financing procedures of the Company, total financing amount should not exceed 40% of the Company's stockholders' equity and

a. the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity for the purpose of loan.

c. for the purpose of loan between the Company's foreign subsidiaries or from foreign subsidiaries to the Company, for which the Company both have 100% shares directly or indirectly, the financing amount to single company should not exceed 100% of the subsidiaries' stockholders' equity and 30% of the company 's stockholders' equity, and the total financing amount should not exceed 100% of the subsidiaries' stockholders' equity and 40% of the company 's stockholders' equity, and the lending period may not exceed 3 years.

d. except for c., the financing period should not exceed one year.

Note 2: In accordance with the financing procedures of the subsidiary, total financing amount should not exceed 40% of the subsidiary's stockholders' equity and

a. the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

c. the limit on the loans to granted between the subsidiary – CP's foreign subsidiaries or from foreign subsidiaries to the Company for which the subsidiary – CP directly or indirectly holds 100% of its voting shares is not restricted to 40% of the lending company's net asset based on the latest audited or reviewed consolidated financial statements. The ceiling on total loans is 40% of CP's net asset based on the latest audited or reviewed consolidated financial statements. The limit on loans to a single party is 30% of CP's net asset based on the latest audited or reviewed consolidated financial statements and the lending period may not exceed 3 years.

d. except for c., the financing period should not exceed one year.

Note 3: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 4: The maximum balance is the maximum outstanding balance during the year ended December 31, 2019.

Note 5: The ending balance had been approved at the Board of Directors' meeting.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2,3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	The Company	CEZ	3	$ 6,817,094	$ 369,780 (USD 12,000)	$ 360,120 (USD 12,000)	$ 134,496 (EUR 4,000)	-	1.32%	$ 13,634,188	Y	N	N	-

Note 1：Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(4) Between the endorser/guarantor parent company both owns directly or indirectly more than 90% voting shares of the endorsed/guaranteed subsidiaries.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Performance guarantees for pre-sales sales contracts under the Consumer Protection Act.

Note 2: In accordance with the guarantee procedure of the Company, the total guarantee amount is limited to 50% of the Company's capital. The Company's guarantee to each entity is limited to 50% of the total guarantee amount. The grand total guarantee amount of the Group is limited to 50% of the Company's capital, and other restrictions are as follows:

a. the total guarantee amount, except the above mentioned restriction, to any individual party should not exceed the higher amount of sales/purchase during the year for the purpose of business.

b. the total guarantee amount is limited to the Company's stockholders' equity when the Company takes guarantee procedure to the entity whose stockholders' equity is lower than 50% of its paid-in capital.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stock	Laster Tech Corporation Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	4,922,604	$ 149,401	6.50%	$ 149,401	-
The Company	Common stock	Newmax Technology Co., Ltd.	"	"	1,243,607	114,412	0.67%	114,412	-
The Company	Common stock	PharmaEngine, Inc.	-	"	1,134,000	77,679	0.77%	77,679	-
The Company	Common stock	Aslan Pharmaceuticals Limited	-	"	1,100,000	8,910	0.58%	8,910	-
The Company	Common stock	TWi Pharmaceuticals, Inc.	-	"	115,000	1,006	0.17%	1,006	-
The Company	Common stock	JHL BIOTECH, INC.	-	"	290,000	12,760	0.15%	12,760	-
The Company	Common stock	Solar Applied Materials Technology Corp.	-	"	2,985,019	67,014	0.60%	67,014	-
The Company	Common stock	MOSA INDUSTRIAL CORPORATION	-	"	485,000	20,515	0.27%	20,515	-
The Company	Beneficiary certificate	Fuh Hwa Digital Economy Fund	-	"	2,000,000	108,140	-	108,140	-
The Company	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	30,000	3,000	-	3,000	-
The Company	Common stock	WK Venture Capital XI	Corporate director	Financial assets at fair value through profit or loss - non-current	15,380,000	246,080	15.38%	246,080	-
The Company	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	68,672	9.38%	68,672	-
The Company	Common stock	Chengding Venture Capital Group	"	"	10,000,000	107,820	7.41%	107,820	-
The Company	Common stock	Sheng Da Venture Capital Group	-	"	3,000,000	30,000	10.71%	30,000	-
The Company	Preferred stock	Magi Capital Venture Co., Ltd	-	"	454,296	65,746	4.37%	65,746	-
The Company	Beneficiary certificate	Fuh Hwa Smart Energy Securities Investment Trust Fund	-	"	9,000,000	84,060	-	84,060	-
The Company	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	9,000,000	28,620	-	28,620	-
The Company	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	13,100,608	482,102	1.96%	482,102	-
The Company	Common stock	Genesis Photonics Inc.	-	"	304,350	1,351	0.43%	1,351	-
The Company	Common stock	AcBel Polytech Inc.	-	"	3,727,000	90,007	0.72%	90,007	-
The Company	Common stock	ShunOn Electronic Co.	Corporate director	"	11,708,254	361,785	7.91%	361,785	-
The Company	Common stock	Alcor Micro,Corp.	"	"	1,406,000	19,825	1.87%	19,825	-
The Company	Private equity	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	4,224,458	12,758	6.03%	12,758	-
The Company	Common stock	Taipei Tech innoFund	Corporate director	"	3,500,000	46,427	11.67%	46,427	-

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stock	Maxima Ventures I, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	13,125	$ 131	2.35%	$ 131	-
The Company	Common stock	Maxima Ventures II, Inc.	-	"	3,000,000	18,777	8.21%	18,777	-
The Company	Common stock	Taiwan Cultural and Creative Co., Ltd.	-	"	1,600,000	3,369	5.78%	3,369	-
The Company	Common stock	MKD Technology Inc.	-	"	1,600,000	11,790	6.96%	11,790	-
CP	Common stock	Newmax Technology Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	3,038,983	279,587	1.64%	279,587	-
CP	Common stock	Laster Tech Corporation Ltd.	"	"	1,202,252	36,488	1.59%	36,488	-
CP	Common stock	Powertech Technology Inc.	-	"	228,000	22,754	0.03%	22,754	-
CP	Common stock	Phison Electronics Corp.	-	"	200,000	68,100	0.10%	68,100	-
CP	Common stock	Apex International Co., Ltd.	-	"	300,000	13,800	0.16%	13,800	-
CP	Common stock	TWi Pharmaceuticals, Inc.	-	"	119,000	1,045	0.18%	1,045	-
CP	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	2,500,000	250,000	-	250,000	-
CP	Beneficiary certificate	Fuh Hwa Digital Economy Fund	-	"	2,077,391	112,325	-	112,325	-
CP	Common stock	WK Venture Capital XI	Corporate director	Financial assets at fair value through profit or loss - non-current	1,000,000	20,060	1.00%	20,060	-
CP	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	68,672	9.38%	68,672	-
CP	Common stock	Chengding Venture Capital Group	"	"	10,000,000	107,820	7.41%	107,820	-
CP	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	6,000,000	19,080	-	19,080	-
CP	Beneficiary certificate	Fuh Hwa Smart Energy Securities Investment Trust Fund	-	"	21,000,000	196,140	-	196,140	-
CP	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	4,538,000	166,998	0.68%	166,998	-
CP	Common stock	Kinsus Interconnect Technology Corp.	-	"	920,000	47,657	0.20%	47,657	-
CP	Common stock	Genesis Photonics Inc.	-	"	1,892,392	8,402	2.70%	8,402	-
CP	Common stock	Cheng Uei Precision Industry Co., Ltd.	-	"	80,000	3,664	0.02%	3,664	-
CP	Common stock	FLYTECH TECHNOLOGY CO., LTD.	"	"	192,000	13,824	0.13%	13,824	-
CP	Private equity	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,979,291	5,977	2.83%	5,977	-
CP	Common stock	Taipei Tech innoFund	Corporate director	"	1,500,000	19,897	5.00%	19,897	-
HEC	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	11,370,823	418,446	1.70%	418,446	-
HEC	Common stock	The Company	The Company	"	16,188,935	1,440,815	2.20%	1,440,815	Note 2
UNIKEY	Common stock	Newmax Technology Co., Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	18,825,998	1,731,992	10.17%	1,731,992	-
UNIKEY	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	16,730,000	615,664	2.50%	615,664	-
UNIKEY	Common stock	The Company	The Company	"	21,174,298	1,884,513	2.88%	1,884,513	Note 3
CGI	Preferred stock	PRP CE1 BC1 Inc.	-	Financial assets at fair value through profit or loss – non-current	122,487	117,626	-	117,626	-
CGI	Bond	PRP CE1 BC1 Inc.	-	Financial assets at amortised cost - non-current	-	482,573	-	482,573	-
COI	Common stock	Laster Tech Corporation Ltd.	Corporate director	Financial assets at fair value through profit or loss - current	2,412,000	73,204	3.18%	73,204	-
COI	Common stock	PharmaEngine, Inc.	-	"	135,000	9,248	0.09%	9,248	-
COI	Common stock	GOMAJI Corp., LTD	-	"	10,000	280	0.05%	280	-
COI	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	100,000	10,000	-	10,000	-
COI	Common stock	Q Technology (Group) Company Limited	-	"	8,747	434,858	0.68%	434,858	-
COI	Beneficiary certificate	WRV II, L.P	-	Financial assets at fair value through profit or loss - non-current	7,682,533	227,095	-	227,095	-
COI	Beneficiary certificate	MagiCapital Fund II, L.P.	-	"	3,324,091	99,756	-	99,756	-
COI	Beneficiary certificate	New Riders L.P.	-	"	1,022,000	17,800	-	17,800	-
COI	Common stock	SmartSens Technology Co.,Ltd	-	"	602,373	30,009	-	30,009	-
COI	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	10,104,000	371,828	1.51%	371,828	-
COI	Common stock	ShunOn Electronic Co.	Corporate director	"	157,087	4,854	0.11%	4,854	-
COI	Common stock	Alpha Professional Holdings Limited	-	"	248,500	1,484	0.08%	1,484	-
COI	Common stock	CTBC Securities Co., Ltd.	-	"	270,000	29,417	0.00%	29,417	-
COI	Common stock	Merrimack Pharmacenticals, Inc.	-	"	84,482	7,986	0.63%	7,986	-
COI	Preferred stock	SAGA-CHINA	-	Financial assets at fair value through other comprehensive income - non-current	10,374,483	$ 238,392	-	$ 238,392	-

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
CPI	Common stock	Q Technology (Group) Co., Ltd.	-	Financial assets at fair value through profit or loss - current	700,000	34,800	0.06%	34,800	-
CPI	Beneficiary certificate	WRV II, L.P	-	Financial assets at fair value through profit or loss - non-current	3,841,266	113,548	-	113,548	-
CPI	Common stock	Anxin-China Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	8,300,000	-	0.27%	-	-
Quansun	Common stock	New Hung Kuan Enterprise Co., Ltd	-	Financial assets at fair value through other comprehensive income - non-current	8,140,000	166,100	21.71%	166,100	Note 4
Quansun	Common stock	Clevo Co.	Common chairman	Financial assets at fair value through other comprehensive income - current	7,100,000	261,280	1.06%	261,280	-
Qun-Jing	Common stock	Clevo Co.	"	"	2,100,000	77,280	0.31%	77,280	-
XAVi	Common stock	Chicony Power Technology Co., Ltd.	Affiliated company	Financial assets at fair value through profit or loss - current	2,961,160	185,961	0.77%	185,961	-
XAVi	Common stock	Laster Tech Corporation Ltd.	Corporate director	"	1,036,738	31,465	1.37%	31,465	-
XAVi	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	"	Financial assets at fair value through other comprehensive income - non-current	3,000,000	9,540	-	9,540	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.
Note 2: Provided 12,600,000 shares pledged for short-term loan.
Note 3: Provided 8,500,000 shares pledged for short-term loan.
Note 4: The Company holds over 20% ownership interest of the entity, however, based on objectives indicators; the Company has no significant influence on the entity.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2019		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2019 (Note 4)	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Fuh Hwa Securities Investment Trust Fund	Financial assets at fair value through profit or loss - non-current	(Note 2) Fuh Hwa Securities Investment Trust Fund	(Note 2) -	19,802,524	$ 471,102	-	$ -	19,802,524	$ 495,702	$ 621,007	($ 125,305)	-	$ -
CGI	PRP CE1 BC1 Inc.	Financial assets at amortised cost - non-current	PRP CE1 BC1 Inc.	-	-	$ -	-	$ 498,303	-	$ -	$ -	$ -	-	$ 498,303

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: It is applicable to disclosure information when marketable securities were recognized as "investments accounted for using equity method".
Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.
Note 4: It refers to the initial costs without considering the amortisation or valuation of exchange rate at the end of the year.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching $300 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
CPSZ	Construction in process	2018/12/27 (Date of contract signing)	$ 1,103,069 (RMB 247,825 thousand)	$ 709,310	Suzhou Weiye Group Co., Ltd.	None	-	-	-	$ -	Contract	Plant (For the Purpose of Conducting Business)	None
The Company	Investment property	2019/7/31	$ 839,561	$ 376,095	Kunfu Construction Co., Ltd. etc.	"	-	-	-	-	Price comparison and price negotiation	Residential compound building	"

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Hikari	Non-current assets held for sale	The contract was signed on December 26, 2018 and it was transferred on January 9, 2019	2015/1/28	$ 1,956,546	$ 2,605,512 (JPY9,500,000 thousand)	All proceeds have been collected	$ 645,713	Kyushu Railway Company	None	To cooperate with future operating plan of the Group	Valuation agency：Cushman & Wakefield Limited Valuation amount：JPY7,020,000 thousand Valuation agency：Savills Limited Valuation amount：JPY7,060,000 thousand	None
The Company	Investment property	From December 10, 2019 to December 24, 2019 (as of December 31, 2019, it was not yet transferred)	2016/2/25	$ 1,266,082	$ 1,279,562	Proceeds of $192,801 have been collected	$ 13,480 (Estimated)	The Group's employees that are still in service	The Group's employees that are still in service	Employees' housing purchased by the employees	Valuation agency: Panasia Limited Valuation amount: $1,255,392 Valuation agency: Colliers international Limited Valuation amount: $1,275,823	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	CEM2	Subsidiary owned by COI	Purchases	$ 8,907,899	38	30~60 days	Note 1	30~60 days	($ 13,665,270)	59	–
CEM2	The Company	The parent company of COI	Sales	(8,907,899)	40	30~60 days	Note 2	30~60 days	13,665,270	99	–
The Company	CEM3	Subsidiary owned by Mao-Feng	Purchases	7,585,918	32	30~60 days	Note 1	30~60 days	(5,625,590)	24	–
CEM3	The Company	The parent company of COI	Sales	(7,585,918)	41	30~60 days	Note 2	30~60 days	5,625,590	68	–
The Company	CEM5	Subsidiary owned by COI	Purchases	218,733	1	30~60 days	Note 1	30~60 days	(73,541)	-	–
CEM5	The Company	The parent company of COI	Sales	(218,733)	5	30~60 days	Note 2	30~60 days	73,541	5	–
The Company	Mao-Ray	Subsidiary owned by Real Young	Purchases	4,517,159	19	30~60 days	Note 1	30~60 days	(3,398,726)	15	–
Mao-Ray	The Company	The parent company of COI	Sales	(4,517,159)	74	30~60 days	Note 2	30~60 days	3,398,726	94	–
CGI	CEM3	Affiliated company	Sales	(346,807)	1	60~90 days	Note 2	60~90 days	-	-	–
CEM3	CGI	Affiliated company	Purchases	346,807	2	60~90 days	Note 1	60~90 days	-	-	–
CGI	CAI	Affiliated company	Sales	(751,188)	3	60~90 days	Note 2	60~90 days	401,984	6	–
CAI	CGI	Affiliated company	Purchases	751,188	100	60~90 days	Note 1	60~90 days	(401,984)	100	–
CGI	CEZ	Affiliated company	Sales	(450,778)	2	60~90 days	Note 2	60~90 days	54,068	1	–
CEZ	CGI	Affiliated company	Purchases	450,778	62	60~90 days	Note 1	60~90 days	(54,068)	57	–
CEM2	CGI	Affiliated company	Sales	(13,078,447)	59	60~90 days	Note 2	60~90 days	-	-	–
CGI	CEM2	Affiliated company	Purchases	13,078,447	55	60~90 days	Note 1	60~90 days	-	-	–
Mao-Ray	CGI	Affiliated company	Sales	(1,112,214)	18	60~90 days	Note 2	60~90 days	-	-	–
CGI	Mao-Ray	Affiliated company	Purchases	1,112,214	5	60~90 days	Note 1	60~90 days	-	-	–
CEM3	CGI	Affiliated company	Sales	(6,699,379)	36	60~90 days	Note 2	60~90 days	1,138,489	14	–
CGI	CEM3	Affiliated company	Purchases	6,699,379	28	60~90 days	Note 1	60~90 days	(1,138,489)	52	–
CEM5	CGI	Affiliated company	Sales	(2,837,209)	64	60~90 days	Note 2	60~90 days	1,048,121	70	–
CGI	CEM5	Affiliated company	Purchases	2,837,209	12	60~90 days	Note 1	60~90 days	(1,048,121)	48	–
Mao-Ray	CEM2	Affiliated company	Sales	(156,984)	1	60~90 days	Note 2	60~90 days	115,212	2	–
CEM2	Mao-Ray	Affiliated company	Purchases	156,984	17	60~90 days	Note 1	60~90 days	(115,212)	16	–
CEM3	CEM5	Affiliated company	Sales	(184,777)	1	60~90 days	Note 2	60~90 days	-	-	–
CEM5	CEM3	Affiliated company	Purchases	184,777	5	60~90 days	Note 1	60~90 days	-	-	–

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Qun-Yang	CEM3	Affiliated company	Sales	($ 124,596)	100	60~90 days	Note 2	60~90 days	$ 26,221	100	-
CEM3	Qun-Yang	Affiliated company	Purchases	124,596	1	60~90 days	Note 1	60~90 days	(26,221)	-	-
CPSZ	CEM3	Affiliated company	Sales	(502,751)	3	90 days	Note 2	90 days	291,460	5	-
CEM3	CPSZ	Affiliated company	Purchases	502,751	3	90 days	Note 1	90 days	(291,460)	5	-
CP	CEM3	Affiliated company	Sales	(680,203)	1	90 days	Note 2	90 days	485,253	-	-
CEM3	CP	Affiliated company	Purchases	680,203	4	90 days	Note 1	90 days	(485,253)	8	-
CP	CEM2	Affiliated company	Sales	(747,776)	2	90 days	Note 2	90 days	210,086	3	-
CEM2	CP	Affiliated company	Purchases	747,776	4	90 days	Note 1	90 days	(210,086)	4	-
CP	CEM5	Affiliated company	Sales	(295,779)	1	90 days	Note 2	90 days	200,609	-	-
CEM5	CP	Affiliated company	Purchases	295,779	8	90 days	Note 1	90 days	(200,609)	17	-
CPI	CEM3	Affiliated company	Sales	(462,023)	3	90 days	Note 2	90 days	-	3	-
CEM3	CPI	Affiliated company	Purchases	462,023	3	90 days	Note 1	90 days	-	-	-
CPI	CEM5	Affiliated company	Sales	(289,923)	2	90 days	Note 2	90 days	-	1	-
CEM5	CPI	Affiliated company	Purchases	289,923	8	90 days	Note 1	90 days	-	-	-
CP	CPUS	Affiliated company	Sales	(1,024,656)	3	90 days	Note 2	90 days	409,201	5	-
CPUS	CP	Affiliated company	Purchases	1,024,656	100	90 days	Note 1	90 days	(409,201)	100	-
CPI	CP	Affiliated company	Sales	(12,800,291)	93	45 days	Note 2	45 days	1,464,316	92	-
CP	CPI	Affiliated company	Purchases	12,800,291	59	45 days	Note 1	45 days	(1,464,316)	14	-
CP	CEZ	Affiliated company	Sales	(270,875)	1	90 days	Note 2	90 days	41,230	-	-
CEZ	CP	Affiliated company	Purchases	270,875	37	90 days	Note 1	90 days	(41,230)	43	-
CPDG	CP	Affiliated company	Sales	(5,448,640)	39	90 days	Note 2	90 days	2,377,120	77	-
CP	CPDG	Affiliated company	Purchases	5,448,640	15	90 days	Note 1	90 days	(2,377,120)	23	-
CPDG	CPI	Affiliated company	Sales	(4,858,322)	60	45 days	Note 2	45 days	-	-	-
CPI	CPDG	Affiliated company	Purchases	4,858,322	36	45 days	Note 1	45 days	-	-	-
CPSZ	CP	Affiliated company	Sales	(7,461,190)	37	45 days	Note 2	45 days	4,527,265	85	-
CP	CPSZ	Affiliated company	Purchases	7,461,190	17	45 days	Note 1	45 days	(4,527,265)	43	-
CPSZ	CPI	Affiliated company	Sales	(6,034,179)	59	45 days	Note 2	45 days	-	9	-
CPI	CPSZ	Affiliated company	Purchases	6,034,179	44	45 days	Note 1	45 days	-	20	-
CPCQ	CP	Affiliated company	Sales	(3,078,550)	33	45 days	Note 2	45 days	1,949,480	79	-
CP	CPCQ	Affiliated company	Purchases	3,078,550	8	45 days	Note 1	45 days	(1,949,480)	19	-
CPCQ	CPI	Affiliated company	Sales	(2,644,660)	53	45 days	Note 2	45 days	-	6	-
CPI	CPCQ	Affiliated company	Purchases	2,644,660	19	45 days	Note 1	45 days	-	7	-

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 3)	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CPCQ	CPSZ	Affiliated company	Sales	($ 872,312)	13	60 days	Note 2	60 days	$ 261,583	14	-
CPSZ	CPCQ	Affiliated company	Purchases	872,312	7	60 days	Note 1	60 days	(261,583)	6	-
GSE	CPSZ	Affiliated company	Sales	(256,007)	28	60 days	Note 2	60 days	86,377	22	-
CPSZ	GSE	Affiliated company	Purchases	256,007	2	60 days	Note 1	60 days	(86,377)	1	-
GSE	CPDG	Affiliated company	Sales	(381,428)	44	60 days	Note 2	60 days	119,982	50	-
CPDG	GSE	Affiliated company	Purchases	381,428	5	60 days	Note 1	60 days	(119,982)	4	-
GSE	CPCQ	Affiliated company	Sales	(130,869)	16	60 days	Note 2	60 days	33,388	-	-
CPCQ	GSE	Affiliated company	Purchases	130,869	3	60 days	Note 1	60 days	(33,388)	-	-
Systemax	XAVi	Affiliated company	Sales	(736,222)	100	45~180 days	Note 2	45~180 days	277,549	100	-
XAVi	Systemax	Affiliated company	Purchases	736,222	41	45~180 days	Note 1	45~180 days	(277,549)	92	-
XAVi Suzhou	Systemax	Affiliated company	Sales	(733,114)	50	45~180 days	Note 2	45~180 days	-	-	-
Systemax	XAVi Suzhou	Affiliated company	Purchases	733,114	57	45~180 days	Note 1	45~180 days	-	-	-
XAVi Suzhou	XAVi	Affiliated company	Sales	(1,034,799)	35	45~180 days	Note 2	45~180 days	169,994	-	-
XAVi	XAVi Suzhou	Affiliated company	Purchases	1,034,799	97	45~180 days	Note 1	45~180 days	(169,994)	-	-
CEM3	Newmax	Affiliated company	Purchases	206,116	1	60~90 days	Note 1	60~90 days	(40,259)	1	-
CEM3	KAPOK	Other related party	Sales	(491,115)	3	60 days	Note 2	60 days	206,145	2	-
CEM3	JiaXing ShunOn	Other related party	Purchases	168,823	1	60~90 days	Note 1	60~90 days	(44,631)	1	-
CEM3	Farwin (Kun Shan) Co., Ltd.	Other related party	Purchases	335,389	2	60~90 days	Note 1	60~90 days	(49,667)	1	-
CEM3	ShunOn Electronic Co.	Other related party	Purchases	393,317	2	60~90 days	Note 1	60~90 days	(107,401)	3	-
CEM5	ShunOn Electronic Co.	Other related party	Purchases	330,217	9	60~90 days	Note 1	60~90 days	(37,434)	3	-
CP	KAPOK	Other related party	Sales	(429,059)	1	60 days	Note 2	60 days	116,100	2	-

Note 1: Purchases from related parties were basically the same as those from third parties.
Note 2: Sales to related parties were basically the same as those to third parties.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2019

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Accounts receivable								
The Company	CEM3	Subsidiary owned by Mao-Feng	$ 138,588	3.58	$ -	-	$ -	$ -
CEM2	The Company	The parent company of COI	13,665,270	0.73	-	-	-	-
MR	The Company	The parent company of COI	3,398,726	1.21	-	-	-	-
MR	CEM2	Subsidiary owned by COI	115,212	2.73	-	-	-	-
CEM3	The Company	The parent company of COI	5,625,590	1.38	-	-	-	-
CEM3	KAPOK	Other related party	206,145	2.71	-	-	-	-
CEM3	CGI	Affiliated company	1,138,489	8.61	-	-	-	-
CGI	CAI	Affiliated company	401,984	1.79	-	-	-	-
CEM5	CGI	Affiliated company	1,048,121	3.23	-	-	-	-
CP	CEM2	Affiliated company	210,086	2.90	-	-	-	-
CP	CEM3	Affiliated company	485,253	2.80	-	-	-	-
CP	CEM5	Affiliated company	200,609	2.95	-	-	-	-
CPSZ	CEM3	Affiliated company	291,460	2.55	-	-	-	-
CP	CPUS	Affiliated company	409,201	2.50	-	-	-	-
CP	KAPOK	Other related party	116,100	3.60	-	-	-	-
CPI	CP	Affiliated company	1,464,316	2.97	-	-	-	-
CPDG	CP	Affiliated company	2,377,120	4.58	-	-	-	-
CPSZ	CP	Affiliated company	4,527,265	3.30	-	-	-	-
CPCQ	CP	Affiliated company	1,949,480	3.16	-	-	-	-
CPCQ	CPSZ	Affiliated company	261,583	3.61	-	-	-	-
GSE	CPDG	Affiliated company	119,982	2.90	-	-	-	-
Systemax	XAVi	Affiliated company	277,549	2.11	-	-	-	-
XAVi Suzhou	XAVi	Affiliated company	169,994	12.17	-	-	-	-
Other receivable								
The Company	UNIKEY	Subsidiary owned by the Company	$ 1,255,811	-	$ -	-	$ -	$ -
The Company	Qun-Jing	Subsidiary owned by HEC	192,626	-	-	-	-	-
The Company	Quansun	Subsidiary owned by HEC	604,982	-	-	-	-	-
The Company	CET	Subsidiary owned by the Company	151,659	-	-	-	-	-
The Company	Real Young	Subsidiary owned by COI	582,932	-	-	-	-	-
The Company	CGI	Subsidiary owned by the Company	233,937	-	-	-	-	-
COI	CGI	Affiliated company	3,665,910	-	-	-	-	-
COI	KUM	Affiliated company	207,686	-	-	-	-	-
CGI	The Company	Affiliated company	730,905	-	-	-	-	-
CGI	CEM2	Affiliated company	6,437,757	-	-	-	-	-
CGI	Mao-Ray	Affiliated company	1,688,101	-	-	-	-	-
Mao-Feng	The Company	The Company	699,543	-	-	-	-	-
Mao-Feng	CGI	Affiliated company	1,398,722	-	-	-	-	-
Real Young	Mao-Ray	Affiliated company	333,998	-	-	-	-	-
CEM2	CET	Affiliated company	242,149	-	-	-	-	-
CEM3	Mao-Qun	Affiliated company	173,348	-	-	-	-	-
CEM5	CEM3	Affiliated company	291,686	-	-	-	-	-
CEM5	XAVi Suzhou	Affiliated company	87,103	-	-	-	-	-
CP	CPHK	Affiliated company	1,314,328	-	-	-	-	-
CP	CPUS	Affiliated company	157,726	-	-	-	-	-
CPDG	Zhuzhou Torch	Affiliated company	246,518	-	-	-	-	-
HOI	CGI	Affiliated company	2,149,721	-	-	-	-	-
HOI	Real Young	Affiliated company	105,689	-	-	-	-	-
HOI	HEC	Affiliated company	492,314	-	-	-	-	-

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Year ended December 31, 2019

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	UNIKEY	1	Other receivables-related party	$ 1,255,811	Note 5	1.76
1	CGI	The Company	2	Other receivables-related party	730,905	Note 5	1.02
1	CGI	Mao-Ray	3	Other receivables-related party	1,688,101	Note 7	2.36
1	CGI	CEM2	3	Other receivables-related party	6,437,757	Note 7	9.01
2	COI	CGI	3	Other receivables-related party	3,665,910	Note 5	5.13
3	CEM2	The Company	2	Sales	8,907,899	Note 4	9.62
3	CEM2	The Company	2	Accounts receivable-related party	13,665,270	Note 4	19.13
3	CEM2	CGI	3	Sales	13,078,447	Note 4	14.13
4	CEM3	The Company	2	Sales	7,585,918	Note 4	8.20
4	CEM3	The Company	2	Accounts receivable-related party	5,625,590	Note 4	7.87
4	CEM3	CGI	3	Sales	6,699,379	Note 4	7.24
4	CEM3	CGI	3	Accounts receivable-related party	1,138,489	Note 4	1.59
5	CEM5	CGI	3	Sales	2,837,209	Note 4	3.07
5	CEM5	CGI	3	Accounts receivable-related party	1,048,121	Note 4	1.47
6	Mao-Ray	The Company	2	Sales	4,517,159	Note 4	4.88
6	Mao-Ray	The Company	2	Accounts receivable-related party	3,398,726	Note 4	4.76
6	Mao-Ray	CGI	3	Sales	1,112,214	Note 4	1.20
7	Mao-Feng	CGI	3	Other receivables-related party	1,398,722	Note 5	1.96
8	CP	CPUS	3	Sales	1,024,656	Note 4	1.11
8	CP	CPHK	3	Other receivables-related party	1,314,328	Note 5	1.84
9	CPI	CP	3	Sales	12,800,291	Note 4	13.83
9	CPI	CP	3	Accounts receivable-related party	1,464,316	Note 4	2.05
10	HOI	CGI	3	Other receivables-related party	2,149,721	Note 5	3.01
11	CPSZ	CP	3	Sales	7,461,190	Note 4	8.06
11	CPSZ	CP	3	Accounts receivable-related party	4,527,265	Note 4	6.34
11	CPSZ	CPI	3	Sales	6,034,179	Note 4	6.52
12	CPCQ	CP	3	Sales	3,078,550	Note 4	3.33
12	CPCQ	CP	3	Accounts receivable-related party	1,949,480	Note 4	2.73
12	CPCQ	CPI	3	Sales	2,644,660	Note 4	2.86
13	CPDG	CP	3	Sales	5,448,640	Note 4	5.89

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
13	CPDG	CP	3	Accounts receivable-related party	$ 2,377,120	Note 4	3.33
13	CPDG	CPI	3	Sales	4,858,322	Note 4	5.25
14	XAVi-Suzhou	XAVi	3	Sales	1,034,799	Note 4	1.12

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Sales to related parties were basically the same as those to third parties, with consideration of transaction quantities and market situation, the payment terms were basically the same as third parties .

Note 5: The terms of related party loans depends on both parties' operation situation.

Note 6: Receivables from advances and service charges of related parties.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investees (not including investees in Mainland China)

Year ended December 31, 2019

Table 10

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
The Company	COI	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	$ 265,326	$ 265,326	1,000	100.00%	$ 22,800,344	$ 2,614,435	$ 2,616,094	Subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	441,408	33,920	4,323,384	70.73%	230,756	(61,342)	(38,838)	Subsidiary
	UNIKEY	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	150,000	150,000	90,000,000	100.00%	1,204,078	579,200	498,738	Subsidiary
	HOI	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	412,003	412,003	12,560,000	100.00%	2,721,424	38,031	38,031	Subsidiary
	HEC	Taiwan R.O.C.	Sales of switching power supplies and other electronic parts	2,330	2,330	4,660,000	100.00%	(322,053)	78,858	17,340	Subsidiary
	XAVi	Taiwan R.O.C.	Researching, manufacturing and selling the DSL bridges and routers	251,153	241,426	45,642,270	45.94%	358,188	179,600	80,479	Subsidiary
	CGI	Malaysia	Sales of computers and computer peripherals	33,027	33,027	1,000,000	100.00%	2,987,312	(572,919)	(291,753)	Subsidiary
	CP	Taiwan R.O.C.	(1) Research, manufacture and sales of switching power supply, other electronic parts and equipment, and lamps (2) Smart building system business	1,486,300	1,398,798	188,409,594	49.28%	3,146,608	1,720,487	833,695	Subsidiary
UNIKEY	Real Young	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	41,490	41,490	1,275,000	13.95%	111,229	12,082	-	Sub-subsidiary
COI	CAI	U.S.A	Sales of computers and computer peripherals	97,533 (USD 3,250)	97,533 (USD 3,250)	3,250,000	100.00%	89,340	(848)	-	Sub-subsidiary
	CAGI	U.S.A	Internet solution for E-Commerce solution	93,181 (USD 3,105)	93,181 (USD 3,105)	12,400,000	100.00%	(1,253)	(46)	-	Sub-subsidiary
	Mao-Feng	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	68,843 (USD 2,294)	68,843 (USD 2,294)	2,294,000	100.00%	10,114,270	863,377	-	Sub-subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	234,781 (USD 7,823)	234,781 (USD 7,823)	1,789,141	29.27%	95,532	(61,285)	-	Sub-subsidiary
	KUM	Samoa	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	68,164 (USD 2,271)	68,164 (USD 2,271)	2,284,142	100.00%	(186,182)	(12,408)	-	Sub-subsidiary
	CEZ	Czech Republic	Sales of computers and computer peripherals	197 (USD 7)	197 (USD 7)	-	100.00%	256,484	12,220	-	Sub-subsidiary
	GFI	Cayman Islands	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	71,776 (USD 2,392)	71,776 (USD 2,392)	2,310,000	60.00%	(186,187)	(15,775)	-	Sub-subsidiary
	Real Young	BVI	(1) Sales of computer peripherals (2) Management of overseas acquisitions & investments	242,247 (USD 8,072)	242,247 (USD 8,072)	7,864,780	86.05%	694,443	86,608	-	Sub-subsidiary

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
COI	CEJ	Japan	Sales of computers and computer peripherals	$ 2,844 (USD 95)	$ 2,844 (USD 95)	-	100.00%	$ 10,873	$ 910	$ -	Sub-subsidiary
	Hikari Investment GK	Japan	Investment holdings	-	898,439 (USD 29,938)	-	0.00%	-	657,766	-	Sub-subsidiary
	Swift Success Holdings limited	Samoa	Investment holdings	160,925 (USD 5,362)	-	-	40.00%	184,258	84,207	-	Investments accounted for under equity method
CP	CPH	BVI	Investment holdings	326,350	326,350	10,000,000	100.00%	5,318,754	1,383,105	-	Sub-subsidiary
CP	CPTH	Thailand	Sales of switching power supplies and other electronic parts	38,171 (THB 38,000)	-	3,800,000	100.00%	36,396	(1,761)		Sub-subsidiary
CPH	CPI	Cayman Islands	Sales of switching power supplies and other electronic parts	300,100 (USD 10,000)	300,100 (USD 10,000)	10,000,000	100.00%	5,631,168	1,383,066	-	Sub-subsidiary
CPI	CPUS	U.S.A	Sales of switching power supplies and other electronic parts	39,523 (USD 1,317)	39,523 (USD 1,317)	1,500,000	100.00%	48,621	21,517	-	Sub-subsidiary
	CPHK	Hong Kong	Research and development center	330,612 (HKD 85,800)	330,612 (HKD 85,800)	46,800,000	100.00%	3,915,378	1,201,885	-	Sub-subsidiary
	WitsLight Technology	Samoa	Design, research and development, manufacturing and sales of LED lighting modules and investment holdings	270,090 (USD 9,000)	270,090 (USD 9,000)	10,000,000	78.13%	120,424	(11,870)	-	Sub-subsidiary
WTS	WT	Taiwan R.O.C.	Design, research and development of LED lighting modules and international trade	-	5,000	-	0.00%	-	67,205	-	Sub-subsidiary
	CT	Taiwan R.O.C.	Design, researching and developing and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100.00%	(31,202)	(7,772)	-	Sub-subsidiary
Kuang Mao	Sky-Fine	Samoa	Sales of computers and computer peripherals	74,813 (USD 2,493)	74,813 (USD 2,493)	310,423	29.00%	21,264	(35,445)	-	Investments accounted for under equity method
HEC	Quansun	Taiwan R.O.C.	Investment holdings	80,000	80,000	8,000,000	100.00%	(174,106)	4,074	-	Sub-subsidiary
	Qun-Jung	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	1,000	1,000	100,000	100.00%	(114,945)	85	-	Sub-subsidiary
	CP	Taiwan R.O.C.	(1) Research, manufacture and sales of switching power supply, other electronic parts and equipment, and lamps (2) Smart building system business	54,811	54,811	1,200,000	0.31%	57,125	1,720,487	-	Subsidiary
XAVi	Directmax	BVI	Management of overseas	332,791 (USD 10,250)	332,791 (USD 10,250)	7,750,000	100.00%	426,057	88,897	-	Sub-subsidiary
Directmax	XAVi Overseas	BVI	Management of overseas	324,942 (USD 10,000)	324,942 (USD 10,000)	7,500,000	100.00%	116,683	109,828	-	Sub-subsidiary
	Systemax	BVI	Sales of DSL bridges and routers	7,849 (USD 250)	7,849 (USD 250)	250,000	100.00%	309,374	(20,931)	-	Sub-subsidiary

Note: The amount of NTD exchanged from foreign currency in the table were exchanged with the exchange rate at financial reporting date except profit or loss was exchanged with the average exchange rate from January 1, 2019 to December 31, 2019.

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2019

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019		Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
			(Note 1)		Remitted to Mainland China	Remitted back to Taiwan				(Note 2)				(Note 1,4)
Chicony Electronics (Dong Guan) Co., Ltd.	Manufacturing and sales of computer peripherals	$ 322,150	2	$ 317,555	$ -	$ -	$ 317,555	$ 198,541	100%	$ 198,541	(2)B	$ 3,888,283	$ -	(2)A
Chicony Electronics (Suzhou) Co., Ltd.	Manufacturing and sales of computer peripherals	967,558	2	329,424	-	-	329,424	432,109	100%	432,109	(2)B	8,347,504	-	(2)C
Chicony Electronics (Chong-Qing) Co., Ltd.	Manufacturing and sales of computer peripherals	435,788	2	-	-	-	-	398,018	100%	398,018	(2)B	2,435,761	-	(2)A
Mao-Ray Electronics (Dong Guan) Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	277,530	2	236,374	-	-	236,374	104,733	100%	104,733	(2)B	694,443	-	(2)B
Suzhou Mao-Qun Electronics Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	124,911	2	93,661	-	-	93,661	(14,332)	60%	(8,599)	(2)B	(164,179)	-	(2)D and Note 4
Suzhou Qun-Yang Electronics Co., Ltd.	Manufacturing of electronic parts, keyboards and plastic products	4,804	2	-	-	-	-	(12,234)	60%	(7,340)	(2)B	(43,805)	-	(2)D and Note 4
XAVi Technology (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges	324,942	2	324,942	-	-	324,942	109,828	45.94%	50,455	(2)B	54,477	-	(2)G and Note 4
Chicony Power Technology (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronic parts	593,135	2	286,935	-	-	286,935	187,633	49.59%	93,047	(2)B	570,877	-	(2)F and Note 4
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	1,297,467	2	194,245	-	-	194,245	683,093	49.59%	338,746	(2)B	1,216,751	-	(2)F and Note 4
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing of switching power supplies and other electronics parts	131,175	2	97,602	-	-	97,602	8,634	49.59%	3,751	(2)B	111,446	-	(2)F and Note 4

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
			(Note 1)		Remitted to Mainland China	Remitted back to Taiwan				(Note 2)			(Note 1,4)
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	$ 301,744	2	$ -	$ -	$ -	$ -	$ 371,801	49.59%	$ 184,376 (2)B	$ 592,985	$ -	(2)F and Note 4
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting equipment	44,379	2	-	-	-	-	(4,045)	49.59%	(2,006) (2)B	23,357	-	(2)F and Note 4
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of switching power supplies, LED lighting equipment, and other electronic parts and smart building system business	10,491	2	-	-	-	-	(778)	49.59%	(386) (2)B	(180)	-	(2)F and Note 4
Chicony Power Technology Trading (Taizhou) Co., Ltd.	Researching and developing, manufacturing, sales, installation, aftersale, and advisory services of electric machinery, electric frequency device and industry automation equipment; manufacturing and sales of electrical machinery and components; import and export of goods and technique	90,030	2	-	-	-	-	(4,189)	49.59%	(2,077) (2)B	42,050	-	(2)F and Note 4
WitsLight Technology (Kunshan) Co., Ltd.	Manufacturing and sales of LED lighting modules	331,859	2	-	-	-	-	(21,259)	38.74%	(8,236) (2)B	70,850	-	(2)H and Note 4
Zhuzhou Torch Auto Lamp Co., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	2	-	-	-	-	10,506	38.74%	4,070 (2)B	73,741	-	(2)H and Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The company	$ 2,360,707 (USD 78,664 thousand)	$ 3,322,467 (USD 110,712 thousand)	$ 16,361,025

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China, the investing companies includes:

A. Chicony Overseas Inc.

B. Real Young Elec. Co., Ltd.

C. Mao-Feng International Inc.

D. Global Faith Inc.

E. Kuang Mao International Inc.

F. Chicony Power Technology Hong Kong Limited(CPHK)

G. XAVi Overseas Ltd.

H. WitsLight Technology Co., Ltd..

(3) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 2019' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements were audited and attested by R.O.C. parent company's CPA.

C.Others

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Calculated based on the Company's ending combined shareholding ratio.

6. Whether financial difficulty of the Company and affiliated enterprises occurred, and the impact on the company's financial position: None.

VII. Review and Analysis of Financial Position and Financial Performance and Risks

1. Financial Position

(I) Table of Analytical Changes in Consolidated Assets, Liabilities, and Shareholders' Equity in the Last Two Years

Unit: NT$ thousands

Item \ Year	2019	2018	Different Amount		Analytical Description of the Increase and Decrease Ratio (Note)
			Amount	%	
Current Assets	47,180,486	46,422,143	758,343	1.6	
Financial Asset and Investment	2,869,857	2,883,639	(13,782)	(0.5)	
Property, Plant, and Equipment	12,821,680	12,371,429	450,251	3.6	
Right-of-Use Asset	891,285	0	891,285	100	Details (II)1
Net Investment Property	6,447,876	5,537,730	910,146	16.4	
Intangible Assets	142,341	233,688	(91,347)	(39.1)	Details(II)2
Deferred Income Tax Assets	152,339	97,958	54,381	55.5	Details (II)3
Other Non-current Assets	938,393	1,385,321	(446,928)	(32.3)	Details (II)4
Total Assets	71,444,257	68,931,908	2,512,349	3.6	
Current Liabilities	38,242,738	39,182,202	(939,464)	(2.4)	
Long-term Debts Payable	100,000	1,006,224	(906,224)	(90.1)	Details (II)5
Provisions - Non-current	583,333	297,554	285,779	96.0	Details (II)6
Deferred Income Tax Liabilities	365,703	0	365,703	100.0	Details (II)7
Other Non-current Liabilities	258,456	264,404	(5,948)	(2.2)	
Total Liabilities	39,550,230	40,750,384	(1,200,154)	(2.9)	
Capital Stock	7,344,975	7,303,799	41,176	0.6	
Additional Paid-in Capital	6,114,005	5,633,933	480,072	8.5	
Retained Earnings	17,452,333	14,934,034	2,518,299	16.9	
Other Equity	(3,331,661)	(3,065,027)	(266,634)	8.7	
Treasure Shares	(311,277)	(728,584)	417,307	(57.3)	Details (II)8
Uncontrolled Equity	4,625,652	4,103,369	522,283	12.7	
Shareholder Equity	31,894,027	28,181,524	3,712,503	13.2	

(II) Change Description of Material Items (increase/decrease in ratio reaches 20% or exceeds NT$10,000 thousand):

1. The main reason is that IFRS16 “Leasing” officially came into effect on January 1, 2019, and the related items are independently expressed from other non-current assets.
2. The main reason is the impairment loss of goodwill recognized in this year.
3. The main reason is an increase in deferred income tax assets due to unrealized expenses payable and inventory falling price loss.
4. The main reason is that IFRS16 “Leasing” officially came into effect on January 1, 2019, and long-term prepaid rent was independently expressed in right-of-use assets from other non-current assets.
5. Due to no new long-term loan this year.
6. Due to increase of deferred income tax liabilities result from adjusted invested real estate.
7. The main reason is that IFRS16 “Leasing” officially came into effect on January 1, 2019, leading to new financial report items
8. The main reason is the transfer of treasury stock to employees of the company this year

The differences mentioned above have no significant impacts on the Company's financial position.

2. Financial Performance:

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

Unit: NT$ thousands

Item \ Year	2019		2018		Amount Changed	Change Percentage (%)	Analytical Description of the Increase and Decrease Ratio (Note)
Operating Revenue	92,552,325		87,260,406		5,291,919	6.1	
Operating Costs	(76,270,837)		(74,643,642)		1,627,195	2.2	
Gross Profit		16,281,488		12,616,764	3,664,724	29.0	Details (II)1.
Selling Expenses	(3,708,989)		(3,140,664)		568,325	18.1	
Administrative Expenses	(2,970,822)		(2,162,176)		808,646	37.4	Details (II)2.
Research and Development Expenses	(3,369,287)		(2,515,632)		853,655	33.9	Details (II)3.
Expected Credit Impairment Loss	37,075		(148,756)		(185,831)	(124.9)	Details (II)4.
Total Administrative Expenses		(10,012,023)		(7,967,228)	2,044,795	25.7	Details (II)5.
Operating Income		6,269,465		4,649,536	1,619,929	34.8	Details (II)6.
Other Revenue	706,268		799,617		(93,349)	(11.7)	
Other Gains and Losses	1,321,223		(255,145)		1,576,368	(617.8)	Details (II)7.
Financial Costs	(123,131)		(143,035)		(19,904)	(13.9)	
Investment Income Recognized Under Equity Method	14,911		(15,501)		30,412	(196.2)	Details (II)8.
Total Non-operating Revenue and Expenses		1,919,271		385,936	1,533,335	397.3	Details (II)9.
Earnings Before Taxation		8,188,736		5,035,472	3,153,264	62.6	Details (II)10
Income Tax Expenses	(1,385,984)		(1,056,563)		329,421	31.2	Details (II)11.
Net Income in Current Period		6,802,752		3,978,909	2,823,843	71.0	Details (II)12.

(II) Change Description of Material Items (increase/decrease in ratio reaches 20% or exceeds NT $ 10,000 thousand):

1. The main reason is an increase in shipment quantity and an expansion of business scale this year.
2. The main reason is an increase in the salary expenses of employees this year.
3. The main reason is an increase in R&D salary expenses this year.
4. The main reason is an impairment loss of accounts receivable recognized in the previous year.
5. The main reason is an increase in management expenses and R&D expenses this year.
6. The main reason is an increase in operating income this year.
7. The main reason is an increase in investment evaluation benefits and disposal of non-current assets to be sold this year.
8. The main reason is the addition of the investment by equity method - Shuncheng since the second quarter of this year.
9. The main reason is an increase in other interests and losses this year compared with the previous year.
10. The main reason is an increase in operating income and other benefits and losses compared with the previous year.
11. The main reason is an increase in profit this year.
12. The main reason is an increase in operating income and other benefits and losses compared with the previous year.

The differences mentioned above have no significant impacts on the Company's financial position

(III) Expected Sales Quantity and its Basis:

1. The Company estimated that the sales volume of computer peripherals, digital video images, consumer electronics products, and other electronic products of the Company will be approximately 195.6 million units in the coming year and the subsidiaries Chicony Power and Xavi Technologies estimated that the sales volume of computer peripherals,

game console products, and Netcom and other electronics will be approximately 172.2 million units and 4.5 million units.

2. In order to estimate the annual sales volume, in addition to the Company referring the market analysis of primary research institutions, it is based on the expected demand and considers the capacity planning and past operating performance.

(I)Possible Impacts and Response Plans of the Company on Future Finances and Business: None.

3. Cash flows

(I) Recent Annual Cash Flow Analysis:

Unit: NT$ thousands

Cash Balance at Beginning of the Period ①	Net Cash Flow From Operating Activities for the Whole Year ②	Net Cash Flow of Investment and Financing Activities for the Whole Year (including the impact of the exchange rate) ③	Cash Remaining Amount ②+③	Remedies for Cash Shortages	
				Investment Plan	Financial Plan
1,952,439	11,058,807	(8,874,724)	4,136,522	—	—
1. Analysis of Cash Flow in the Current Year: (1) Operating Activities: Because of the before income tax for the year plus the depreciation number that has not yet generated cash outflows. (2)Investment and financing activities: Mainly due to a decrease in bank loans and distribution of cash dividends. (3) Remedies for Cash Shortages: No cash shortage condition.					

(Ⅱ) Analysis of Cash Flows in the Year Ahead:

Unit: NT$ thousands

Cash Balance at Beginning of the Period ①	Estimated Net Cash Flow From Operating Activities for the Whole Year ②	Estimated Net Cash Flow of Investment and Financing Activities for the Whole Year (including the impact of the exchange rate) ③	Estimated Cash Remaining Amount ①+②+③	Remedies for Cash Shortages	
				Investment Plan	Financial Plan
4,136,522	10,000,000	(9,336,522)	4,800,000	—	—
1. Analysis of Cash Flow in the Current Year: (1) Operating Activities: In order to increase profitability and generate net cash inflows, we have invested much effort in high value-added products and new products. (2) Investment and financing activities: It was expected to build a new plant and distribute cash dividends, resulting in a net cash outflow. (3) Expected Remedies for Cash Shortages: None.					

4. Major Capital Expenditure and their effect on the financial position and Operation of the Company

Effect of Significant Capital Expenditure on the Financial and Operation Performance of the Company: None.

5. Direct Investment Policy and the main cause of profit or loss, remedial plan, and investment plan for the year ahead.

(1) Direct Investment Policy

The direct investment policy of the Company has the following three items:

1. In order to reduce production costs and provide the service closely for customers and enjoy tax incentives of consideration, we will invest in subsidiaries around the world and set up production locations and sales services.
2. In order to ensure the primary supply of the sources, the Company directly invests in the primary material supplier under the principle of minimum capital.
3. In order to increase the Company's overall competitiveness and create maximum interest, the Company strategically invests in related products that can create a synergistic effect under controllable risks.

(2) Direct Investment Policy in the Most Recent Year, the Primary Cause of Profit or Loss, and Remedy, and the Investment Plan in the Year Ahead

Unit: NT$ thousands

Name of Direct Investment Company	Investment Amount (Note 1)	Investment Target	2019 Investment (Loss) Gain	Primary Reason for Gain or Loss	Improvement Plan	Future Investment Plan
Chicony Overseas Inc.	265,326	Holding Company	2,616,094	Direct Investment Company Profit, Gain on Disposal of Short-term Investment and Investment Properties	Nil.	Nil
Chicony Global Inc.	33,027	Increase Sales Locations	(291,753)	Market exchange rate fluctuates greatly and exchange loss increases	Increase the sales proportion of niche products and effectively control costs and expenses	Nil
Chicony Power Technologies Co. Ltd.	1,486,300	increase Items and Increase Overall Profit	833,695	Increase the proportion of niche products and new products, expand the scale of business, and improve R&D design ability and production efficiency.	Nil.	Nil
Hipro Overseas (BVI) Inc.	412,003	Holding Company and Increase Product Items, Increase Overall Profit	38,031	interest Revenue	Nil.	Nil
Hipro Electronics CO., LTD.	2,330	Holding Company	17,340	Disposal of Short-term Investment and Foreign Exchange Gain	Nil.	Nil
Unikey Electronics Co., Ltd.	150,000	Holding Company	498,738	Gain on Disposal of Short-term Investment	Nil.	Nil
Chicony Elec. (Thailand) Co., Ltd.	441,408	Increase production base	(38,838)	The lease of plant and the entrusted construction of a new plant with the Company's own land are carried out at the same time, and the initial investment cost is large.	Accelerate the construction of the new plant, which is expected to be completed and put into operation in the third quarter of 2020.	Construction of a new plant with the Company's own land

Name of Direct Investment Company	Investment Amount (Note 1)	Investment Target	2019 Investment (Loss) Gain	Primary Reason for Gain or Loss	Improvement Plan	Future Investment Plan
XAVi Technologies Corporation	251,153	Increase Items and Increase Overall Profit	80,479	Increase the sales proportion of niche products, and effectively control costs and expenses.	Nil	Nil

Note: 1. The above investment amount is a total of direct and indirect investment companies. When the investment amount is US dollars, it is converted based on the original investment cost exchange rate.

2. The above table only shows direct investment companies, the investment indirectly in the direct investment company with the gain or loss condition. Please refer to the attached "Table 8" of the Financial Report of the Company audited by the accountant. Please refer to the "Affiliates Consolidated Financial Statement Announcements" for the items listed in this Annual Report for the relevant information of the investment items, the amount of capital, and the proportion of the investment of the Company.

6. Analysis and Assessment of Risk Issues

(1) The effect of fluctuation of interest rate, exchange rate, and inflation on the income position of the Company, and remedy

1. Interest Rate Change

At the end of 2019, the amount of consolidated bank loans of the Company decreased by approximately NT$ 5.65 billion compared with the end of 2018. The net consolidated interest expense in 2019 decreased by approximately NT$42,675 thousand compared with 2018, and the average bank loan interest rate of 2019 was 1.20%, an increase of approximately 0.03% from 2018. The average interest rate of consolidated loans in the first quarter of 2020 increased by approximately 0.01% compared with the first quarter of 2019. The annual interest rate of loans increased or decreased by 0.25%, based on the balance of consolidated bank loans of NT$676,000 thousand, as of March 31, 2020. The total annual interest expense of the Company impact is NT$ 1,690 thousand.

The Company will continually track the market interest rate exchange rate trend information, and adjust the loan portfolio of each currency, to obtain the best loan interest rate conditions from the bank, and control the overall accounts receivable, inventory, accounts payable, and fixed asset turnover rate of the Company, in order to increase the cash flow of the Company, and minimize the impact of interest rate increases on the Company.

2. Fluctuation in Foreign Currency Exchange Rate

To ensure that the gross margin is not subject to excessive exchange rate fluctuations, the products of the Company and its subsidiaries adapt mainly to the US dollar for export sales. The purchases are mainly based on the recent changes in the international currency situation and adapt mainly to the US dollar. The Company and its subsidiaries will focus on the international economic condition, reference for bank analysis reports, and use the hedging method to reduce the impact of exchange rate fluctuations, such as borrowing US dollars, operation forward foreign exchange, options, exchange trading, or directly selling US dollar. The consolidated exchange losses were NT$251,565 thousand in 2019, and the consolidated exchange losses for the first quarter of 2020 were approximately NT$157,072 thousand.

3. Inflation

Most of the products of the Company and its subsidiaries are exported, so the impact of domestic inflation on the gain or loss of the Company is low. However, if inflation occurs in the global market, it will affect the purchasing ability and willingness of consumers and decrease the demand for consumer products. The gain or loss of the Company will have a negative impact, but the impact of international inflation is comprehensive, and it is not only individual companies but also governments that will respond to this issue; However, the Company will pay attention to the research and development and sales of niche products, reduce the production cost, and maintain the revenue of the Company by the price of products that can stimulate consumers' demand, and reduce the negative impact of inflation on the gain and loss of the Company.

(2) The policy of engagement in high risk and high leverage investment, loaning to a third party, undertaking of endorsements/guarantees in favor of a third party, and derivative trade, and the main cause of profit or loss and remedy in the future

1. In the case of short-term investments, the Company and its subsidiaries have carefully evaluated and performed related rules, based on the “Acquisition or Disposal of Assets Processing Procedures” and related authority rules, and the

investment details and their gain and loss status are reviewed at least once a month. The Company will stop related matters If there is an abnormal situation. In 2019 and the first quarter of 2020, the Company's consolidated gain (loss) on disposal of investments were NT$ 76,945 thousand and NT$(7,529) thousand.

2. The Company and its subsidiaries have engaged in fund lending with others and endorsement guarantors. All of them have set the “Funding Loan Operation Procedures” and “Endorsement Guarantee Measures” and proceeded according to them. When the subsidiary company needs funds required for operational needs, it is not easy to obtain the loan amount from the bank itself, and then the Company or the subsidiary company shall pay the loan or endorsement guarantee. As of March 31, 2020, the Company and its subsidiaries do not have any losses in fund loans to other people and endorsement guarantees.
3. The policies of the Company and its subsidiaries engaged in the trading of derivative goods are limited to hedging transactions. In the future, the Company and its subsidiaries will take into account the bank analysis report, appropriately perform the forward foreign exchange rate, options, and futures to avoid hedging, and reduce the impact of the exchange rate and raw material fluctuations by depending on foreign exchange site inventory, flow, and purchase of raw materials demand.

(3) R&D plan in the future, and projected commitment of R&D expenses

In order to respond to the market demand, in addition to the continuous investment of current business, such as keyboards, digital images, camera modules for smartphones, power supplies, and ultra-high-speed fiber-optic terminal Netcom devices, the Internet of Things is the future development trend of the technology industry and the Company is focused on these products, such as Net-based drones, electric vehicles, smart homes with smart networking capabilities, and smart buildings, etc. are all emerging products; it is estimated that the whole investment in research and development costs will account for about 2% to 3% of consolidated operating revenue.

(4) The effect of changes in important policies and the regulatory environment at home and overseas on the financial and operation performance of the Company and the remedy

In the most recent year and up to the printing date of the annual report, significant domestic and foreign policy and legal changes have no significant impact on the Company's financial business.

(5) The effect of changes in the technological and industrial environment on the financial and operation performance of the Company and the remedy

In 2018 and as of March 31, 2019, the finances and business of the Company will not be significantly affected by technological changes; because the overall industry has quickly changed the market, a lack of labor in China, rising labor costs, the PC market being close to saturation, high growth is difficult, and other unfavorable factors, there are low industrial profits and adjustment of the price is difficult. This affects the profit of the Company. In order to minimize these negative effects to maintain profitability, in addition to continually focusing on research and development and sales of niche products, reducing production costs, rationalizing procedures, automating production, and vertically integrating for primary suppliers, the Company is actively expanding non-PC industries such as servers, game consoles, smart speakers, smart homes, and the Internet of Things emerging product businesses.

(6) The effect of changes in corporate image on crisis management of the enterprise and remedy

In the Most Recent Year and up to the Date of Printing of this Annual Report, the

Company did not have a corporate image change or a corporate crisis.

(7) Expected results and possible risks from mergers and acquisitions, and the remedy

In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company did not have any plan for mergers and acquisitions. It is not applicable.

(8) Expected results and possible risks from capacity expansion, and the remedy

In response to the impact of the Sino-US trade war on the transfer of production bases of the technology industry supply chain, Chicony's Thailand subsidiary has entrusted the building of a new plant with its own land at the original plant site at Chachoengsao Province, Thailand, which is expected to be put into production in the fourth quarter of this year. The production of the new plant covers three product lines: keyboard, imaging and power supply, in order to diversify the risks of production base in response to the variables of the Sino-US trade war.

(9) Risks deriving from concentration of purchase or sale, and the remedy

The Company produces and sells diversified products. In the Most Recent Year and up to the Date of Printing of this Annual Report, there is no case where a certain product sold to a certain customer accounted for more than 10% of the global consolidated operating revenue; The Company has more than two suppliers of each raw material required for various product, and no single supplier accounts for more than 10% of the total consolidated purchases in the world.

(10) Effect and risks of sizable transfers or swaps of equity shares by Directors, Supervisors, and dominant shareholders holding more than 10% of the stake of the Company, and the remedy

In the most recent year and up to the date of printing of the annual report, Mr. Kun-Tai Hsu, a 10% majority shareholder of the Company, transferred 20,000 shares for personal investment in the development of the Twin Star Building. The transferred shares were taken over by a foreign institutional investor which supported the Company.

(11) Effect and risks from the changing of hands in management and the remedy

In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company's condition does not have any change in management.

(12) Litigation or Non-litigation Incidents and Responding Measures:

1. Material Litigation, Non-litigation, or Administrative Dispute Incidents the Company is Currently Performing: None.
2. Directors, Supervisors, General Manager, the De Facto Owner, and Shareholders Holding More than 10% of the Stakes, or Major Legal Proceeds, Non-contentious Matters, or Administrative Actions Still in Proceeding in 2018 and as of March 31, 2019, the Result of Which May Significantly Affect Shareholders Equity or the Stock Price of the Company: None.

(13) Other Major Risks and their Remedy:

1. Description of Information Security Risk Assessment Analysis and Responding Measures:

   Description of Information Security Risk Assessment Analysis and Responding Measures:

   In the Internet age, third-party illegal intrusion attacks have become more and more difficult, and security protection has become increasingly difficult. Therefore, in addition to establishing a complete network and computer security protection system, such as firewalls and anti-virus software, the Company has regular updates. It depends on the process of information security education, training, and promotion. If it is necessary to conduct information business

outsourcing operations, it is necessary to study and propose information security requirements in advance and require manufacturers to obey the information security responsibilities and confidentiality.

Regarding the information security risk management structure, information security policy, and detailed management projects of the Company, please refer to the website of the Company.

2. Other Important Risks and Responding Measures: None.

7. Other Materiality: None

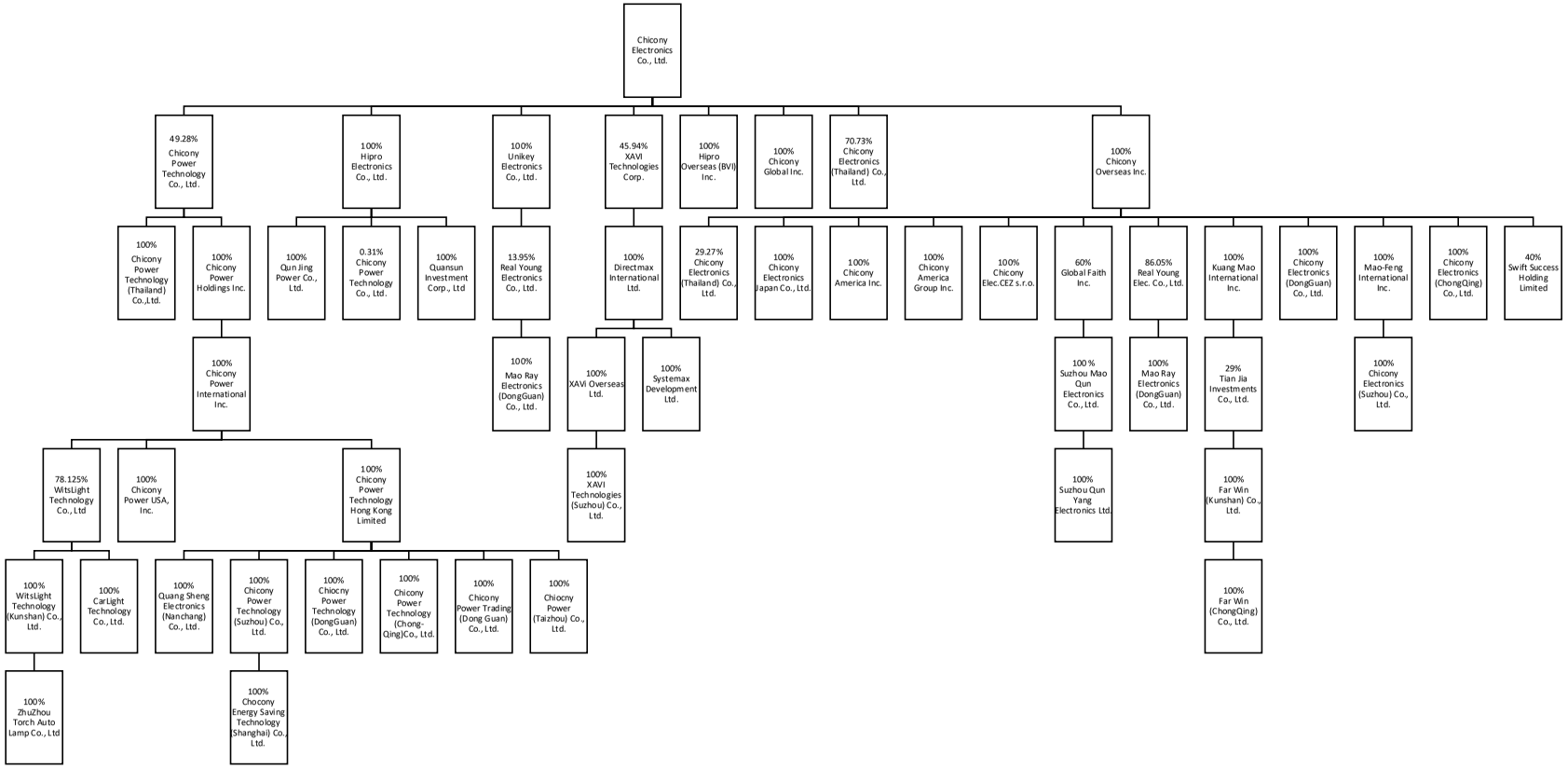
VIII. Additional Information

1. Affiliates Consolidated Business Reports, Affiliates Consolidated Financial Statement Announcements

I. Overview of affiliates

(1) Organizational Structure of Affiliate:

1. Organizational Charts of Affiliates:



2.Pursuant to Article 369-3 of the Company Act, entities that have a controlling interest and affiliation: None

3.Pursuant to Paragraph 2, Article 369-2 of the Company Act, affiliates in which the Company has direct or indirect control of personnel, finance or business operations: None.

(2)Basic Information on the Affiliates

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Chicony Overseas Inc.	1989.4.14	P.O. Box 3152, Road Town,Tortola, British Virgin Islands	US$ 10,000,000	1.Sale of computer peripheral components. 2.Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Unikey Electronics Co., Ltd.	1994.3.16	22F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT$900,000,000	Production and sale of computer peripheral components.
Hipro Overseas (BVI) Inc.	1998.9.17	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI	US$ 12,560,000	1. Sale of power supply devices and related electronic products. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Hipro Electronics CO., LTD.	1990.10.5	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT$ 46,600,000	Import and export of power supply devices and related electronic products.
XAVi Technologies Corporation	1997.10.17	22F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT$993,523,140	R&D, manufacturing, and sale of network connectivity products.
Chicony Elec. (Thailand) Co., Ltd.	1989.12.28	82 Mu 4, Takhan Bangpakong, Chachoengsao 24130, Thailand	Bath 611,252,500	Production and sale of computer peripheral components.
Chicony Global Inc.	2006.9.11	Level 15(A1) Main Office Tower, Financial ParkLabuan, 87000 Labuan Ft, Malaysia	US$1,000,000	Sale of computer peripheral components.
Chicony Power Technology Co. Ltd.	2008.12.05	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT$ 3,867,153,750	Production and sale of computer peripheral components.
Chicony America Inc.	1989.12.19	53 Parker Irvine,CA 92618, U.S.A.	US$3,250,000	Sale of computer peripheral components.
Chicony Electronics (Dongguan) CO., Ltd.	1998.7.1	Chicony Electronics Manufacturing Plant, SanZhong District, QingXi, DongGuan City, GuangZhou, Mainland China	US$ 9,760,000	Production and sale of computer peripheral components.

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Mao-Feng International Inc.	1999.4.16	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands	US$2,294,000	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Chicony Electronics (SuChou) Co., Ltd.	2001.10.26	2379, ZhongShanBei Road, SongLing, WuJiang City, JiangSu, Mainland China	US$ 30,778,269 (RMB224,440,430)	Production and sale of computer peripheral components.
Chicony Electronics CEZ s.r.o.	2002.11.25	Tovarni 1553, 535 01Prelouc,Czech Republic	US$6,555 (CZK200,000)	Sale of computer peripheral components.
Global Faith Inc. (KwangShin)	2004.6.10	Scotia Centre 4th Floor P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	US$3,850,000	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Suzhou Mao-Qun Electronics Co., Ltd.	2004.4.4	No. 345, HuXinXi Road, WuJiang Economics & Technology Development District	US$ 3,850,000	Production of electronic components, keyboards, and plastic products.
Suzhou Qun-Yang Electronics Co., Ltd.	2012.1.9	No. 345, HuXinXi Road, WuJiang Economics & Technology Development District	RMB 1,000,000	Production of electronic components, keyboards, and plastic products.
Chicony Electronics Japan Co., Ltd.	2008.11	4B Iwasaki.,3-11-15 Mizonzkuchi,Takatsu-ku, Kawasaki-shi,Kanagawa-ken 2-3-0001	JPY10,000,000	Sale of computer peripheral components.
Kuang Mao International Inc.	2001.12.11	P.O. Box 217. Apia, Samoa	US$ 2,284,142	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Chicony America Inc.	2000.9.1	53 Parker 2nd Floor Irvine, CA 92618, U.S.A.	US$ 6,200,000	Ecommerce software services.
Chicony Electronic (Chongqing) Co., Ltd.	2011.4.12	No. 18, JiuJiang Avenue, XuangFu Road Office, JiangJing District, ChongQing	US$15,000,000	Production and sale of computer peripheral components.
Real Young Elec. Co., Ltd.	2000.5.25	P.O. Box 3152, Road Town, Tortola British Virgin Islands	US$ 9,139,780	1.Design, manufacture, repair, and import/export of computer peripheral equipment and electronic products. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Mao Ray Electronics (DongGuan) Co., Ltd.	2000.10.23	HuoLianShu Management District, NiuShan Foreign Business Industrial Park, DongGuan	US$ 8,445,283	Production of electronics components, keyboard, and plastic products.
Quansun Investment Corp., Ltd.	2003.4.24	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT$80,000,000	General investment.
Chun Ching Power Technology Co., Ltd.	2008.8.26	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT$ 1,000,000	Wholesale and retail sale of computers and consumer equipment.
Chicony Power Holdings Inc.	2009.7	Portcullis Chambers, 4th Floor, Ellen Skelton Building 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	US$10,000,000	General investment.
Chicony Power Technology (Thailand) Co., Ltd.	2019.10.1	82 Mu 4, Ta Kham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand	THB$ 38,000,000	Sale and production of power supply devices and related electronic products.
Chicony Power International, Inc.	2009.7	Marquee Place, Suite 300, 430 West Bay Road, P.O. Box 32052 Grand Cayman KY1-1208 Cayman Islands	US$10,000,000	Sale of power supplies and related electronic products.
Chicony Power Technology Hong Kong Limited (CPHK)	2002.4.24	3RD Floor, Building 9,NO.5 Science Park West Avenue, Shatin, New Territories.Hong Kong	HK$46,800,000 (US$ 6,000,000)	R&D center and investment holdings.
Chicony Power USA, Inc.	2003.11.21	723 S.Casino Center Blvd. 2nd Floor Las Vegas U.S.A.	US$ 1,500,000	Sale of power supplies and related electronic products.
WitsLight Technology Co., Ltd.	2009.12.11	LEVEL2, LOTEMAU CETRE, VAEA STREET, APIA, SAMOA	US$12,800,000	Design, research, and manufacture of LED lighting modules.
WitsLight Technology (KunShan) Co., Ltd.	2010.7.6	Rm 4, No. 99, MuYe Road, YuShan, KunShan City, JiangSu	USD10,500,000 (RMB66,710,247)	Manufacture and sale of LED lighting modules.
Zhuzhou Torch Auto Lamp Co., Ltd.	2002.3.22	268 HuangHeNan Road, TianYuan District, ZhuZhou, Hunan	RMB46,000,000	Production and sale of automotive and motorcycle components, electric machines and device, decorative lighting, and plastic products.
CarLight Technology Co., Ltd.	2016.6.24	24F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT$ 3,000,000	Design, research, and international trade of lamps and related components for automotive and electric vehicles.
Chicony Power Technology (Dongguan) Co. Ltd.	1998.12.7	LiaoBu XinChen Technology Industrial Park, DongGuan, GuangDong	US$20,750,000 (RMB 157,684,105)	Production and sale of power supplies and related electronic products.
Chicony Power Technology (SuChou) Co. Ltd.	2002.12.11	No. 2379, ZhongShanBei Road, SongLing, WuJiang, JiangSu	US$42,100,000 (RMB 283,008,569)	Production and sale of electronic equipment (high performance power supply, power modules, and voltage transformer) and LED lighting equipment.

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Quang Sheng Electronics (Nanchang) Co., Ltd.	2006.7.1	NanChang GaoXin District, HuoJuEr Road North	US$ 4,000,000 (RMB31,170,839)	Production and sale of electronic equipment (magnetic elements, circuit boards, keyboards) and voltage transformers.
Chicony Power Technology (Chongqing) Co. Ltd.	2011.4.25	18 JiuJiang Avenue, ShuangFu Office, JiangJing, ChongQing	US$10,000,000	Production and sale of electronic equipment (high performance power supply, power modules, and voltage transformers) and LED lighting equipment.
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	2011.5.25	Office Suite 1702, No. 1600, ZhongShanXi Road, XuHui District, Shanghai	RMB10,000,000	Inquiry services, development, and transfer of energy-saving technology. Sale and installation of energy saving lighting equipment.
DongGuan Chicony Power Energy Trading Co., Ltd.	2013.1.11	LiaoBu XinChen Technology Industrial Park, DongGuan, GuangDong	US$ 350,000	Wholesale and import/export of power supply devices and other parts, LED lighting equipment, digital products, office supplies, computers, and other electronic parts.
Chicony Power Technology (Taizhou) Co., Ltd.	2019.6.11	Zhenqian Road, Shan Houpan Village, Hengjie Town, Luqiao District, Taizhou City, Zhejiang Province	US$ 3,000,000	Electric machinery, frequency converter and R&D, production, sales, installation, after-sales and technology consulting service for industrial automatic equipment; electrical machinery and accessories and the production and sales of machinery accessories; import/export business of goods or technology.
Directmax International Ltd.	2002.7.2	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US$ 7,750,000	Investment holdings and transfer.
XAVi Overseas Ltd.	2002.1.18	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US$ 7,500,000	Investment holdings and transfer.
Systemax Development, Ltd.	2002.7.12	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US$ 250,000	Sale of DSL bridges and routers.
XAVi Technologies (Suzhou) Co., Ltd.	2002.12.25	No. 108, HuaHong Road, WuJiang Economics and Technology Development District, JiangSu, Mainland China	US$10,000,000 (RMB68,820,935)	Production and sale of DSL bridges and routers.

(3) Presumed to have similar shareholder's data as in an affiliation or with controlling interest: Not Applicable

(4) In regards to the overall scope of business of affiliates, the scope of business of the Company and its subsidiaries includes: Manufacturing, trading, and management services.

(5) Profiles of the Directors, Supervisors, and General Managers of the affiliates

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Overseas Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Unikey Electronics Co., Ltd.	Chairman (Legal Representative)	Lu, Chin-Tsung	—	—
	Director of the Legal Representative	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representative: Chicony Electronics Co., Ltd.		90,000,000	100%
Hipro Overseas (BVI) Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony Electronics (Thailand) Co., Ltd.	Director	Hsu, Kun-Tai	5	—
	Director	Lu, Chin-Tsung	1	—
	Director	Lin, Yu-Ling	—	—
	Chairman & CEO (Chief Executive Officer)	Lu ShuJun	1	
Hipro Electronics CO., LTD.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	Hsu YueYuan	—	—
	Legal Representative: Chicony Electronics Co., Ltd.		4,660,000	100%
XAVI Technologies Corporation	Chairman (Legal Representative)	Lu, Chin-Tsung	—	—
	Legal Representative: Chicony Electronics Co., Ltd.		45,642,271	45.94%
	Director	Hsu, Kun-Tai	5,141,160	5.17%
	Director	Chen, Chiu-Lung	1,185,845	1.19%
	Director	Huang, Chien-Yu	132,054	0.13%
	Director	Chou, Yung-Chang	69,984	0.07%
	Director	Hsu, Chen-Yao	591,445	0.60%
	Director	Li, Hui-Chin	1,528,194	1.54%
	Supervisor	Li, Cih-Jing	—	—
	Supervisor	Lin, Yu-Ling	345,916	0.35%
	Supervisor	Tsai, Mei-I	128,304	0.13%

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Power Technology Co., Ltd.	Chairman (Legal Representative)	Lu, Chin-Tsung	—	—
	Legal Representative: Chicony Electronics Co., Ltd.		186,068,594	48.12%
	Director & CEO	Tseng, Kuo-Hua	3,219,714	0.83%
	Director	Huang, Chung-Ming	2,059,567	0.53%
	Director	Li, Cih-Jing	3,091,353	0.80%
	Independent Director	Tsai, Duh-Kung	—	—
	Independent Director	Fu, Yow-Shiuan	—	—
	Independent Director	Chiu, Te-Chen	—	—
Chicony Global Inc.	Director	Hsu, Kun-Tai	—	—
Chicony America Inc.	Director	Hsu, Kun-Tai	—	—
	Director & CEO (Chief Executive Officer) and Secretary	Lu, Chin-Tsung	—	—
	Director and CFO	Yao Ching Chang	—	—
Chicony Electronics (Dongguan) CO., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director and General Manager	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
Mao-Feng International Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony Electronic (SuChou) Co., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Tsai, Chin Cheng	—	—
	Director and General Manager	Wang, Hui-Kai	—	—
	Supervisor	Huang, Chien-Yu	—	—
Chicony Electronics CEZ s.r.o	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Cheng, YuHua	—	—
	Director	Lin, Yu Ling	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Global Faith Inc. (Global Faith, Inc.) (Note 3)	Director Director Director Director Director	Lin, Mao-Kuei Lu, Chin-Tsung Wei, Chuan-Pin Hsu, FengLin Hsu, FengYang	— — — — —	— — — — —
Suzhou Mao-Qun Electronics Co., Ltd. (Note 3)	Chairman Director & GM Director Director Supervisor	Huang, Chien-Yu Wang, Hui-Kai Lu, Chin-Tsung Chen, LaiZhu Wei, Chuan-Pin	— — — — —	— — — — —
Suzhou Qun-Yang Electronics Co., Ltd.	Chairman Director and General Manager Director Supervisor	Huang, Chien-Yu Wang, Hui-Kai Chen, LaiZhu Tsai, Chin Cheng	— — — —	— — — —
Chicony Electronics Japan, Inc.	Chairman Director Director Supervisor	Huang, WenBin Lu, Chin-Tsung Huang, Chien-Yu Lin, Yu Ling	— — — —	— — — —
Kuang Mao International, Inc. (Kuang Mao International, Inc.)	Director Director	Hsu, Kun-Tai Lu, Chin-Tsung	— —	— —
Chicony America Inc.	Director Director & CEO(Chief Executive Officer) Director and Secretary	Hsu, Kun-Tai Lu, Chin-Tsung Chang, Yao Ching	— — —	— — —

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Electronic (Chongqing) Co., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director	Huang, Chien-Yu	—	—
	Director and General Manager	Tsai, Chin Cheng	—	—
	Supervisor	Lu, Chin-Tsung	—	—
Real Young Electronics. Co., Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
Mao Ray Electronics (DongGuan) Co., Ltd.	Chairman	Huang, Chien-Yu	—	—
	Director and General Manager	Hsu, Kun-Tai	—	—
	Director and Supervisor	Lu, Chin-Tsung	—	—
Quansun Investment Corp., Ltd.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representative: Hipro Electronics Co., Ltd.		8,000,000	100%
Chun Ching Power Technology Co., Ltd.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representative: Hipro Electronics Co., Ltd.		100,000	100%
Chicony Power Holdings Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power International, Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Power Technology Hong Kong Limited	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Chung-Ming	—	—
	Director	Li, Tsu-Yu	—	—
Chicony Power USA, Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Chang, Yao Ching	—	—
Chicony Power Technology (SuChou) Co. Ltd.	Chairman and General Manager	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chung-Ming	—	—
	Director	Huang, Chien-Yu	—	—
	Supervisor	Wang, Hui-Kai	—	—
Chicony Power Technology (Dongguan) Co. Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chung-Ming	—	—
	Supervisor	Huang, Chien-Yu	—	—
Quang Sheng Electronics (Nanchang) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chung-Ming	—	—
	Director and General Manager	Li, Tsu-Yu	—	—
	Supervisor	Huang, Chien-Yu	—	—
Chicony Power Technology (Chongqing) Co. Ltd.	Chairman and General Manager	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
	Supervisor	Huang, Chung-Ming	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director and General Manager	Huang, Chung-Ming	—	—
	Supervisor	Huang, Ming-Hui	—	—
DongGuan Chicony Power Energy Trading Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director and General Manager	Huang, Chien-Yu	—	—
	Supervisor	Huang, Chung-Ming	—	—
Chicony Overseas Hong Kong Limited	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony Power Technology (Taizhou) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director and General Manager	Huang, Chung-Ming	—	—
	Director	Chen, Hsueh-Yi	—	—
	Supervisor	Huang, Chien-Yu	—	—
Chicony Power Technology (Thailand) Co., Ltd.	Director	Lu, Chin-Tsung	1	—
	Director	Tseng, Kuo-Hua	1	—
	Director	Huang, Chien-Yu	1	—
Directmax International Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Li, Hui-Chin	—	—
	Director	Lu, Chin-Tsung	—	—
XAVi Overseas Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Li, Hui-Chin	—	—
	Director	Lu, Chin-Tsung	—	—
Systemax Development, Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Li, Hui-Chin	—	—
	Director	Lu, Chin-Tsung	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
XAVi Technologies (Suzhou) Co., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Chen, Chiu-Lung	—	—
	Supervisor	Li, Hui-Chin	—	—
	General Manager	Wang, Hui-Kai	—	—
WitsLight Technology Corporation Limited (Samoa)	Director	Tseng, Kuo-Hua	—	—
	Director	Tsai, Chih-Chieh	2,089,500	16.32%
	General Manager	Hu, Wei-Ming	—	—
WitsLight Technology (Kunshan) Co., Ltd.	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director and General Manager	Hu, Wei-Ming	—	—
	Director	Huang, Ming-Hui	—	—
	Supervisor	Tsai, Chih-Chieh	—	—
ZhuZhou Torch Auto Lamp Co., Ltd.	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Hu, Wei-Ming	—	—
	Director	Huang, Ming-Hui	—	—
	Supervisor	Tsai, Chih-Chieh	—	—
CarLight Technology Co., Ltd.	Chairman (Legal Representative)	Chen, Hsueh-Yi	—	—
	Director of the Legal Representative	Hu, Wei-Ming	—	—
	Director of the Legal Representative	Tseng, Kuo-Hua	—	—
	Director of the Legal Representative	Huang, Ming-Hui	—	—
	Supervisor of the Legal Representative	Tsai, Chih-Chieh	—	—
	Legal Representative: WitsLight Technology Corporation Limited		300,000	100%

Note 1: Information pertaining to the above directors, supervisors, and general managers and their shareholdings have been updated as at March 31, 2020.

Note 2: Shares held includes the number of shares held in trust where the individual has the right of use.

Note 3: Global Faith, Inc. and Suzhou Mao-Qun Electronics Co., Ltd. Board of Directors passed the resolution to re-elect directors, the related change had been documented, and execution was in progress.

2. The Company's business operating status, financial status, and business operations of each affiliate are denominated in thousands of NTD.

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
Chicony Overseas Inc.	US$	10,000,000	$ 22,887,032	$152,926	$22,734,106	$ -	$ 64,859	$ 2,614,435	$ 2,614,435
Unikey Electronics Co., Ltd.	NT$	900,000,000	4,344,462	1,255,871	3,088,591	-	(212)	579,200	6.44
Hipro Overseas (BVI) Inc.	US$	12,560,000	2,721,424	-	2,721,424	-	(94)	38,031	3.03
Hipro Electronics CO., LTD.	NT$	46,600,000	1,634,073	483,864	1,150,209	-	(1,055)	78,858	16.92
XAVi Technologies Corporation	NT$	993,523,140	1,686,262	686,913	999,349	1,992,683	(25,649)	179,600	1.81
Chicony Electronics (Thailand) Co., Ltd.	THB	611,252,500	1,505,263	1,178,882	326,381	5,885	(64,805)	(61,342)	(1,003.55)
Chicony Global Inc.	US$	1,000,000	16,631,084	13,318,688	3,312,396	26,429,625	385,673	(572,919)	(572.92)
Chicony Power America Co. Ltd.	NT$	3,867,153,750	20,669,991	12,386,298	8,283,693	31,841,716	595,135	1,720,487	4.51
Chicony America Inc.	US$	3,250,000	597,360	508,020	89,340	814,502	(34,943)	(848)	(0.26)
Chicony Electronics (Dongguan) CO., Ltd.	US$	9,760,000	17,273,850	13,385,567	3,888,283	22,161,270	294,235	198,541	-
Chicony Electronic (SuChou) Co., Ltd.	US$ (RMB	30,778,269 224,440,430)	15,706,865	7,359,361	8,347,504	18,404,986	278,025	432,109	-
Chicony Electronics CEZ s.r.o	US$ (CZK	6,555 200,000)	368,631	112,147	256,484	690,010	7,437	12,220	-
Global Faith, Inc.	US$	3,850,001	(273,575)	36,737	(310,312)	-	(2,729)	(15,775)	(4.10)
Suzhou Mao-Qun Electronics Co.,	US$	3,850,000	(37,630)	235,987	(273,617)	8,642	3,760	(14,332)	-

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
Ltd.									
Suzhou Qun-Yang Electronics Co., Ltd.	RMB	1,000,000	$50,049	$123,066	($73,017)	$125,749	($11,325)	($12,234)	$ -
Chicony Electronics Japan, Inc.	JPY	10,000,000	12,775	1,902	10,873	32,152	1,531	910	-
Kuang Mao International, Inc. (Kuang Mao International, Inc.)	US$	2,284,142	21,504	207,686	(186,182)	-	(44)	(12,408)	(5.43)
Chicony America Inc.	US$	6,200,000	12	2,368	(2,356)	-	(46)	(46)	-
Chicony Electronic (Chongqing) Co., Ltd.	US$	15,000,000	3,987,130	1,551,369	2,435,761	4,408,741	424,618	398,018	-
Real Young Elec. Co., Ltd.	US$	9,139,780	1,500,282	702,943	797,339	84,889	(17,836)	86,608	9.48
Mao-Feng International Inc.	US$	2,294,000	10,447,107	332,837	10,114,270	-	409,809	863,377	376.36
Mao Ray Electronics (DongGuan) Co., Ltd.	US$	8,445,283	5,119,052	3,988,839	1,130,213	6,133,520	145,178	104,733	-
Quansun Investment Corp., Ltd.	NT$	80,000,000	431,277	605,383	(174,106)	-	(214)	4,074	0.51
Chun Ching Power Technology Co., Ltd.	NT$	1,000,000	77,792	192,737	(114,945)	-	(85)	85	0.85
Chicony Power Holdings Inc.	US$	10,000,000	5,631,211	-	5,631,211	-	(115)	1,383,105	138.31
Chicony Power Technology (Thailand) Co., Ltd.	THB	38,000,000	87,554	51,158	36,396	-	(1,515)	(1,761)	(0.46)
Chicony Power International, Inc.	US$	10,000,000	5,708,122	76,954	5,631,168	13,680,856	188,423	1,383,066	138.31
Chicony Power USA, Inc.	US$	1,500,000	628,725	580,104	48,621	1,262,843	24,527	21,517	14.34
WitsLight Technology Co., Ltd.	US$	12,800,000	188,691	34,928	153,763	-	(6,852)	(11,870)	(0.93)

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
CarLight Technology Co., Ltd.	NT$	3,000,000	1,905	33,128	(31,223)	-	(16,585)	(7,772)	(25.91)
WitsLight Technology (KunShan) Co., Ltd.	US$ (RMB	10,500,000 66,710,247)	$ 254,615	$20,533	$234,082	$ -	($1,330)	($21,259)	$ -
ZhuZhou Torch Auto Lamp Co., Ltd.	RMB	46,000,000	676,509	502,156	174,353	779,891	(766)	10,506	-
Chicony Power Technology Hong Kong Limited	HK$ (US$	46,800,000 6,000,000)	5,244,114	1,328,736	3,915,378	127,799	(22,144)	1,201,885	25.68
Chicony Power Technology (DongGuan) Co., Ltd.	US$ (RMB	20,750,000 157,684,105)	4,622,119	3,470,925	1,151,194	10,444,460	212,950	187,633	-
Chicony Power Technology (SuChou) Co. Ltd.	US$ (RMB	42,100,000 283,008,569)	7,790,977	5,337,355	2,453,622	14,016,612	864,389	683,093	-
Quang Sheng Electronics (Nanchang) Co., Ltd.	US$ (RMB	4,000,000 31,170,839)	562,281	330,765	231,516	876,648	7,583	8,634	-
Chicony Power Technology (Chongqing) Co. Ltd.	US$	10,000,000	3,575,017	2,379,241	1,195,776	6,582,537	427,059	371,801	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	RMB	10,000,000	57,029	9,928	47,101	5,471	(3,677)	(4,045)	-
DongGuan Chicony Power Energy Trading Co., Ltd.	US$	350,000	3,296	3,658	(362)	3,154	(756)	(778)	-
Chicony Power Technology (Taizhou) Co., Ltd.	RM	3,000,000	158,018	73,222	84,796	2,865	(5,663)	(4,189)	-
Directmax International Ltd.	US$	7,750,000	426,057	-	426,057	-	-	88,897	11.47
XAVi Overseas Ltd.	US$	7,500,000	118,634	1,951	116,683	-	-	109,828	14.64

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
Systemax Development, Ltd.	US$	250,000	$322,128	$12,754	$309,374	$677,259	($24,475)	($20,931)	($83.72)
XAVi Technologies (Suzhou) Co., Ltd.	US$ (RMB	10,000,000 68,820,935)	974,847	856,265	118,582	2,142,734	111,121	109,828	-

Note 1: Hua Nan Bank's median exchange rate as of December 31 2019.

Note 2: Hua Nan Bank's 2019 average exchange rate.

Chicony Electronics CO., Ltd.
Affiliates Consolidated Financial Statement Announcements

For the fiscal year of 2019 (from January 1, 2019 to December 31, 2019), the companies which should be included in the con solidated financial statements of the Company pursuant to the Affiliates Consolidated Business Reports and Consolidated Financial Statements Preparation of Affiliation Reports are the same as those should be included pursuant to the Statement of Financial Accounting Standards No. 10, and also the Affiliates Consolidated Financial Statements should disclose information on the parent company that has already been disclosed in the Consolidated Financial Statements of the Company. Therefore, the Company will not prepare separate Affiliates Consolidated Financial Statements.

Hereby Declare

Name of Company: Chicony Electronics CO., Ltd.

Chairman: Hsu, Kun-Tai

March 10, 2020

2. Processed Condition of the Private Placement Securities:
   In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company did not deal with private placement securities.
3. In the Most Recent Year and up to the Date of Printing of this Annual Report, status of subsidiary companies holding or disposal of the company's stock

Unit: NT$1,000; Share; %

Subsidiary Name	Paid-in Capital	Sources of Capital	Proportion of Shareholding by the Company	Date of Acquisition or Disposition	Quantity and Amount of Shares Acquired (Note 1)		Quantity and Amount of Shares Disposed		Capital Gains/Losses From Investment	Number and Amount of Shares Held by the End of the Year or the Date of Printing		Pledge Under Lien	The Company Undertakes Endorsements/ Guarantees in Favor of Subsidiaries	The Company Lent the Amount to the Subsidiary
					Quantity of Shares	Amount	Quantity of Shares	Amount	Amount	Quantity of Shares	Amount			
Unikey Electronics Co., Ltd.	900,000	Owned Capital	100%	2018	105,344	—	—	—	—	21,174,298	205,795	Note 2	—	1,139,530
				2019	—	—	—	—	—	21,174,298	205,795	Note 3	—	1,251,500
				3/31/2020	—	—	—	—	—	21,174,298	205,795	Note 3	—	1,251,000
Hipro Electronics CO., LTD.	46,600	Owned Capital	100%	2018	80,541	—	—	—	—	16,188,935	105,483	Note 4	—	—
				2019	—	—	—	—	—	16,188,935	105,483	Note 4	—	—
				3/31/2020	—	—	—	—	—	16,188,935	105,483	Note 4	—	—

Note 1: The number of shares obtained from capital increase by earnings.

Note 2: On December 31, 2018, Unikey Electronics Co., Ltd. held 8,500,000 shares of the Company's shares and pledged them to the bank.

Note 3: On December 31, 2019 and March 31, 2020, Unikey Electronics Co., Ltd, held 7,200,000 shares of the Company's shares and pledged them to the bank.

Note 4: On December 31, 2018, December 31, 2019 and March 31, 2020, Hipro Electronics CO., LTD. held 12,600,000 shares of the Company's shares and pledged them to the bank.

Note 5: The impact of the subsidiary's holding or disposition of the Company's stock on the financial performance of the Company: From 2018 to March 31, 2020, the subsidiary did not sell the Company's stock, but received cash dividends from the Company, so it can reduce the debt ratio of the Company's consolidated statements.

4. Other supplementary information: None.

IX. Matters According to Article 36.3.2 of the Securities and Exchange Act of Taiwan in the Most Recent Year and up to the Date of Printing of this Annual Report Which Have Significant Impact to Shareholders' Equity or Stock Price: None.