

Stock Code: 6278



2021 Annual General Shareholder's Meeting
Meeting Agenda
(Translation)

June 25, 2021

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Chapter I. Meeting Procedure

Taiwan Surface Mounting Technology Corp.

Meeting Procedure for 2021 Annual General Shareholders' Meeting

I. Meeting Called to Order

(announcing when the quota represented by the attending shareholders satisfies the statutory requirement)

II. Chairperson Takes the Chair

III. Chairperson Remarks

IV. Report Items

V. Ratification Items

VI. Discussion Items

VII. Extraordinary Motions

VIII. Adjournment

Chapter II. Meeting Agenda

Taiwan Surface Mounting Technology Corp.

Meeting Agenda of 2021 Annual General Shareholders' Meeting

Time: 9:00 a.m., Friday, June 25, 2021

Venue: 5F, No. 107, Minsheng Rd., Taoyuan Dist., Taoyuan City
(5th Floor Jubilee F Hall of Chateau de Chine Hotel)

Attendance: All shareholders and representatives

Chairperson: Wu, Kai-Yun, Chairman of the Board

- I. Chairperson Remarks
- II. Report Items
 - (I). 2020 Business Report
 - (II). Audit Committee's Review Report on the 2020 Financial Statements
 - (III). Report on the Distribution of Remuneration for Employees and Directors of 2020
 - (IV). Report on the Implementation of the Plan of Subsidiaries Loan Balance Exceeding the Lending Limit.
- III. Ratification Items
 - Proposal 1 2020 Business Report and Financial Statements.
 - Proposal 2 2020 Earnings Distribution Proposal.
- IV. Discussion Items
 - Amendment to "Rules and Procedures of Shareholders' Meeting"
- V. Extraordinary Motions
- VI. Adjournment

Report Items

(I). 2020 Business Report

Description: The 2020 Business Report (Please refer to #page 6# in Attachment 1).

(II). Audit Committee's Review Report on the 2020 Financial Statements

Description: Audit Committee's Review Report (Please refer to #page 8# in Attachment 2).

(III). Report on the Distribution of Remuneration for Employees and Directors of 2020

Description:

- I. The Company proposes to distribute NT\$149,560,000 as remuneration for employees and NT\$15,000,000 as remuneration for Directors , both in cash.
- II. This proposal is approved by the 4th meeting of 4th-term Remuneration Committee on March 19, 2021 and sent to and approved by 11th meeting of the 13th-term Board of Directors on March 19, 2021.

(IV). Report on the implementation of subsidiary loan balance exceeding the lending limit

Description:

- I. Amended in accordance with Order No. FSC-1090345039 of the Financial Supervisory Commission.
- II. The implementation of the repayment plan of TSMT Technology (Singapore) Pte. Ltd., a subsidiary of the Company, in the event of a capital loan balance exceeding the lending limit is as follows:

Lender	Object of lending	Description of deficiency	Reasons for exceeding/improvement
TSMT Technology (Singapore) Pte. Ltd.	TSMT Technology (India) Pvt. Ltd.	Limitation on financing loans for individual counterparties for the end of period	Reasons for exceeding the balance limit: In 2020, due to the recognition of investment losses in overseas subsidiaries, the net value fell and exceeded the limit. Improvement: In order to improve loan balance exceeding the lending limit, the Company has increased the investment of TSMT Technology (Singapore) Pte. Ltd. by US\$9,000,000 in March 2021 to increase its net value. As of March 31, 2021, there is no loan balance exceeding the lending limit.

Ratification Items

Proposal 1

Case: Ratification of the 2020 Business Report and Audited Financial Statements (Proposed by the Board)

Description:

- (I) The Company's 2020 individual and consolidated financial statements have been audited by Mr. Chiu, Chao-Hsien, and Ms. Lee, Hsiu-Ling of PricewaterhouseCoopers Taiwan.
- (II) Please refer to Attachment 1 (#page 6#) and Attachment 3 ~ 4 (#pages 9 to 34#) for the business report, independent auditors' report, and financial statements.

Resolution:

Proposal 2

Case: Ratification of the Company's 2020 Earnings Distribution (Proposed by the Board)

Description:

- (I) Please refer to Attachment 5 for the 2020 Earnings Distribution (#page 35#).
- (II) The proposed cash dividend is NT\$964,914,565, and the cash dividend per share is NT\$3.3, which will be rounded down to NT\$1, and the aggregated amount of bonus less than NT\$1 will be included as other revenue of the Company.
- (III) After the proposal for the distribution of cash dividend has been approved by the annual shareholders' meeting, the Board of Directors will be authorized to stipulate the ex-dividend date and other related matters.
- (IV) If the number of outstanding shares has changed and caused an impact on the dividend yield, it is proposed that the shareholders' meeting should authorize the Chairman of the Board to draft the total amount of earnings subject to distribution based on the number of common shares of the latest shareholders' meeting resolution, and adjust the yield base on the actual number of outstanding shares on the record date.

Resolution:

Discussion Items

Case: Discussion of the amendment to "Rules and Procedures of Shareholders' Meeting". (Proposed by the Board)

Description:

- (I) "Rules and Procedures of Shareholders' Meeting" is amended to enhance corporate governance and to protect the rights and interests of shareholders.
- (II) Please refer to #page 36# of Attachment 6 for the Comparison Table of the Articles Before and After the Amendments to the "Rules and Procedures of Shareholders' Meeting."

Resolution:

Extraordinary Motions

Adjournment

Attachment 1

Taiwan Surface Mounting Technology Corp. Business Report

I. 2020 Business Report

(I) The Company's consolidated operating income in 2020 was NT\$41,405,758 thousand, an increase of 9.23% compared with the consolidated operating income of NT\$37,906,373 thousand in 2019, and its after-tax consolidated net profit in 2020 was NT\$2,193,738 thousand, an increase of 7.8% compared with the after-tax consolidated net profit of NT\$2,035,222 thousand in 2019; and its basic EPS in 2020 was NT\$7.50.

(II) The state of research and development

The Company is committed to the improvement of SMT production processes, the development and introduction of advanced production processes, and the continuous recruitment of excellent talents to enhance the quality and capabilities of hardware and software technology R & D personnel, thereby enhancing the manufacturing capabilities and R & D capabilities of high-end electronic products and key technologies to strive for business opportunities in the processing and manufacturing of various high-end electronic products, and aim for diverse and high value-added product portfolio and production technology capabilities.

II. Outline of 2021 Business Plan

(I) Business policy

1. Promoting various automated and intelligent manufacturing processes, improving production efficiency and technical capabilities, and implementing various systematic and target management.
2. Improving efficiency and reducing costs to improve the overall competitiveness of the enterprise.
3. Committed to global planning, decentralization of products, customers and production bases, thereby improving operational performance and increase the potential for growth.
4. Paying close attention to the development trend of electronics industry, making early arrangement and starting business appropriately to drive the development of business.
5. Uphold the spirit of integrity, speed and attitude, and provide customers with more complete services in terms of delivery and quality.

(II) Important Production and Sales Strategies

1. Diversify the development of new customers and new products, and widely distribute the production bases to reduce the risk of centralized production and sales.
2. Continuing to invest in the development of new products and advanced process technologies to reduce the operational risks which may arise from the long life cycle and upgrading of consumer electronics.
3. Actively expand the international market outside of Taiwan and continue to make plans globally.
4. Strengthen supply chain platform management and customer relationship maintenance, thereby enhancing the overall response capability of the enterprise.

III. Impacts of External Competition, Regulations, and Overall Business Environment on the Company's Future Development Strategies:

In the future, the Company will continue to improve the flexibility and efficiency of its

operating methods to provide customers with more complete services. In addition, the Company will continue to invest in the development of emerging markets and the cooperation with foreign companies actively, and develop overseas markets, by virtue of its stable financial system, diversified products and dispersed products, customers and production bases, against the changes in the overall industrial and international environment, to improve its operating and developing strength in the future.

We hereby sincerely thank all shareholders, customers and suppliers for their support and recognition of the Company. The Company's management team and staff will uphold the spirit of integrity, speed and attitude, and continue to improve the Company's operating efficiency and profitability, and maintain stable and sustainable operations.

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and Proposal for Earnings Appropriation, among which the Financial Statements have been audited by PricewaterhouseCoopers Taiwan, Taiwan, by whom an audit report has been issued accordingly. The Audit Committee has reviewed the business report, the financial statements, and the earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

To

2021 Annual General Shareholders' Meeting

Taiwan Surface Mounting Technology Corp.

Convener of the Audit Committee:

Chen,Meng-Ping

March 19, 2021

Attachment 3

Independent Auditors' Report and 2020 Parent Company Only Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Taiwan Surface Mounting Technology Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Surface Mounting Technology Corp. (the “Company”) as at December 31, 2020 and 2019, 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, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” 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 of the parent company only financial statements as of and for the year ended December 31, 2020 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; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Auditing-1090360805 of February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the parent company only financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the year ended December 31, 2020. 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 Company's parent company only financial statements of the current period are stated as follows:

Existence of revenues of the newly top 10 significant customers

Description

Please refer to Note 4(24) for accounting policy on recognition of revenue and Note 6(16) for details of sales revenue.

Considering that the customers' demand has changed, the Company adjusted its product type. There are changes in sales customers resulted from changes in market demand and introduction of new products. As the newly top 10 significant customers are significant to the parent company only financial statements, we consider the existence of sales revenue from the newly top 10 significant customers a key audit matter.

How our audit addressed the matter:

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

- A. Obtained the evaluation data of the newly top 10 significant customers, completed an understanding of the Company's transaction counterparties and assessed new transaction counterparties based on the internal controls.
- B. Obtained detailed listing of sales revenue, performed detailed tests for the newly top 10 significant customers and verified relevant evidences including customer sales invoices, purchase orders and delivery documents.

- C. Inspected contents and relevant evidences of the newly top 10 significant customers in relation to sales returns and discounts occurring subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognised.

Valuation of allowance for inventory valuation losses

Description

For a description of the accounting policy on inventory valuation, please refer to Note 4(11); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for information on the allowance for inventory valuation losses, please refer to Note 6(6).

As of December 31, 2020, the Company's inventories and allowance for inventory valuation losses amounted to NT \$643,704 thousand and NT \$47,432 thousand, respectively. The Company is primarily engaged in design, processing, manufacturing and trading of TFT-LCD panels, general electronic information products and PCB surface mount packaging. In addition, the Company also manufactured made-to-order products. Most of the customers designated the Company to purchase and process materials, which were needed to manufacture the electronic products. Taking into consideration that those products have short life spans and are affected by the fluctuating market price of TFT-LCD panels, there is a higher risk of inventory losses due to market value decline or obsolescence. Inventories are stated at the lower of cost and net realisable value. The net realisable value which was used in the individual identification and valuation of allowance for inventory valuation losses, involved subjective judgment and uncertainty of estimation. The Company's inventory and allowance for inventory valuation losses are significant to financial statements, as well as being significant to the Company's subsidiaries, which is recognised as investments accounted for using equity method, we identified inventory valuation loss as a key audit matter.

How our audit addressed the matter

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

- A. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the Company's operations and the characteristics of its industry.
- B. Understood the Company's warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
- C. Verified whether the inventory aging report that were used to assess obsolete and slow-moving inventories was correct, including changes in inventories being classified to according inventory aging.
- D. Checked the appropriateness of the estimation basis adopted by the Company for the evaluation of net realisable value, verified accuracy of inventory selling and purchase prices and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

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 the audit committee, 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 the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 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.

CHIU, CHAO-HSIEN

LEE, HSIU-LING

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2021

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 independent auditors' report 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.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,176,031	10	\$ 662,988	3
1136	Current financial assets at amortised cost	6(4)	497,830	2	382,626	2
1170	Accounts receivable, net	6(5)	845,030	4	1,072,114	6
1180	Accounts receivable - related parties	7	9,210	-	27,173	-
1200	Other receivables		32,652	-	117,491	1
1210	Other receivables - related parties	7	205,249	1	63,201	-
130X	Inventories	6(6)	596,272	3	611,027	3
1410	Prepayments		50,038	-	37,196	-
11XX	Current Assets		<u>4,412,312</u>	<u>20</u>	<u>2,973,816</u>	<u>15</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	266,039	1	278,171	1
1550	Investments accounted for under equity method	6(7)	15,586,834	71	14,494,563	75
1600	Property, plant and equipment	6(8)	1,644,218	7	1,312,872	7
1755	Right-of-use assets	6(9)	27,885	-	970	-
1840	Deferred income tax assets	6(22)	28,737	-	25,340	-
1920	Guarantee deposits paid		1,730	-	3,585	-
1990	Other non-current assets, others		138,737	1	319,075	2
15XX	Non-current assets		<u>17,694,180</u>	<u>80</u>	<u>16,434,576</u>	<u>85</u>
1XXX	Total assets		<u>\$ 22,106,492</u>	<u>100</u>	<u>\$ 19,408,392</u>	<u>100</u>

(Continued)

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	\$ 3,100,000	14	\$ 2,150,000	11
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	254	-
2150	Notes payable		19,136	-	4,807	-
2170	Accounts payable		1,432,418	7	1,766,774	9
2180	Accounts payable - related parties	7	300,985	1	22,284	-
2200	Other payables		515,398	2	396,482	2
2220	Other payables - related parties	7	484	-	3,041	-
2230	Current income tax liabilities	6(22)	44,645	-	159,049	1
2280	Current lease liabilities		10,378	-	976	-
2399	Other current liabilities, others	6(11)	331,344	2	6,111	-
21XX	Current Liabilities		<u>5,754,788</u>	<u>26</u>	<u>4,509,778</u>	<u>23</u>
	Non-current liabilities					
2540	Long-term borrowings	6(11)	1,820,000	8	1,100,000	6
2570	Deferred income tax liabilities	6(22)	911,749	4	895,760	5
2580	Non-current lease liabilities		17,532	-	-	-
2640	Net defined benefit liability, non-current	6(12)	82,828	1	64,447	-
2645	Guarantee deposits received		30	-	30	-
2650	Credit balance of investments accounted for using equity method	6(7)	29,083	-	106,488	-
25XX	Non-current liabilities		<u>2,861,222</u>	<u>13</u>	<u>2,166,725</u>	<u>11</u>
2XXX	Total Liabilities		<u>8,616,010</u>	<u>39</u>	<u>6,676,503</u>	<u>34</u>
	Equity					
	Share capital	6(13)				
3110	Share capital - common stock		2,923,984	13	2,923,984	15
	Capital surplus	6(14)				
3200	Capital surplus		2,515,059	12	2,515,001	13
	Retained earnings	6(15)				
3310	Legal reserve		1,620,061	7	1,416,844	8
3320	Special reserve		1,315,055	6	827,907	4
3350	Unappropriated retained earnings		6,729,459	30	6,063,207	31
	Other equity interest					
3400	Other equity interest		(1,613,136)	(7)	(1,015,054)	(5)
3XXX	Total equity		<u>13,490,482</u>	<u>61</u>	<u>12,731,889</u>	<u>66</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 22,106,492</u>	<u>100</u>	<u>\$ 19,408,392</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16) and 7	\$ 6,770,049	100	\$ 6,536,043	100
5000 Operating costs	6(6)(20)(21) and 7	(5,998,688)	(89)	(5,430,984)	(83)
5900 Net operating margin		<u>771,361</u>	<u>11</u>	<u>1,105,059</u>	<u>17</u>
Operating expenses	6(17)(18)				
6100 Selling expenses		(40,091)	(1)	(55,337)	(1)
6200 General and administrative expenses		(374,982)	(5)	(297,257)	(5)
6300 Research and development expenses		(115,110)	(2)	(71,300)	(1)
6000 Total operating expenses		<u>(530,183)</u>	<u>(8)</u>	<u>(423,894)</u>	<u>(7)</u>
6900 Operating profit		<u>241,178</u>	<u>3</u>	<u>681,165</u>	<u>10</u>
Non-operating income and expenses					
7100 Interest income	6(17)	4,146	-	7,527	-
7010 Other income	6(18) and 7	111,109	2	79,281	1
7020 Other gains and losses	6(19)	(74,937)	(1)	177,028	3
7050 Finance costs	6(20)	(34,825)	(1)	(33,949)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	<u>2,066,974</u>	<u>31</u>	<u>1,261,103</u>	<u>19</u>
7000 Total non-operating revenue and expenses		<u>2,072,467</u>	<u>31</u>	<u>1,490,990</u>	<u>23</u>
7900 Profit before income tax		<u>2,313,645</u>	<u>34</u>	<u>2,172,155</u>	<u>33</u>
7950 Income tax expense	6(22)	(119,907)	(2)	(136,933)	(2)
8000 Profit for the year from continuing operations		<u>2,193,738</u>	<u>32</u>	<u>2,035,222</u>	<u>31</u>
8200 Profit for the year		<u>\$ 2,193,738</u>	<u>32</u>	<u>\$ 2,035,222</u>	<u>31</u>
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(12)	(\$ 18,407)	-	(\$ 3,054)	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(12,132)	-	(12,725)	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)	<u>-</u>	<u>-</u>	<u>(114,913)</u>	<u>(2)</u>
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>(30,539)</u>	<u>-</u>	<u>(130,692)</u>	<u>(2)</u>
Components of other comprehensive loss that will be reclassified to profit or loss					
8361 Other comprehensive loss, before tax, exchange differences on translation	6(7)	(585,950)	(9)	(359,509)	(5)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		<u>(585,950)</u>	<u>(9)</u>	<u>(359,509)</u>	<u>(5)</u>
8300 Other comprehensive loss for the year		<u>(\$ 616,489)</u>	<u>(9)</u>	<u>(\$ 490,201)</u>	<u>(7)</u>
8500 Total comprehensive income for the year		<u>\$ 1,577,249</u>	<u>23</u>	<u>\$ 1,545,021</u>	<u>24</u>
Basic earnings per share	6(23)				
9750 Total basic earnings per share		<u>\$ 7.50</u>		<u>\$ 6.96</u>	
Diluted earnings per share	6(23)				
9850 Total diluted earnings per share		<u>\$ 7.46</u>		<u>\$ 6.93</u>	

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings		Other equity interest		Total equity	
				Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
<u>2019</u>									
Balance at January 1, 2019		\$ 2,923,984	\$ 2,529,156	\$ 1,338,344	\$ 1,008,812	\$ 4,308,752	(\$ 253,078)	(\$ 274,829)	\$ 11,581,141
Profit for the year		-	-	-	-	2,035,222	-	-	2,035,222
Other comprehensive loss for the year		-	-	-	-	(3,054)	(359,509)	(127,638)	(490,201)
Total comprehensive income (loss) for the year		-	-	-	-	2,032,168	(359,509)	(127,638)	1,545,021
Appropriation and distribution of 2018 retained earnings:	6(15)								
Legal reserve		-	-	78,500	-	(78,500)	-	-	-
Reversal of special reserve		-	-	-	(180,905)	180,905	-	-	-
Cash dividends		-	-	-	-	(380,118)	-	-	(380,118)
Disposal of associates accounted for using equity method	6(7)	-	(14,219)	-	-	-	-	-	(14,219)
Unclaimed dividends past due	6(14)	-	64	-	-	-	-	-	64
Balance at December 31, 2019		\$ 2,923,984	\$ 2,515,001	\$ 1,416,844	\$ 827,907	\$ 6,063,207	(\$ 612,587)	(\$ 402,467)	\$ 12,731,889
<u>2020</u>									
Balance at January 1, 2020		\$ 2,923,984	\$ 2,515,001	\$ 1,416,844	\$ 827,907	\$ 6,063,207	(\$ 612,587)	(\$ 402,467)	\$ 12,731,889
Profit for the year		-	-	-	-	2,193,738	-	-	2,193,738
Other comprehensive loss for the year		-	-	-	-	(18,407)	(585,950)	(12,132)	(616,489)
Total comprehensive income (loss) for the year		-	-	-	-	2,175,331	(585,950)	(12,132)	1,577,249
Appropriation and distribution of 2019 retained earnings:	6(15)								
Legal reserve		-	-	203,217	-	(203,217)	-	-	-
Special reserve		-	-	-	487,148	(487,148)	-	-	-
Cash dividends		-	-	-	-	(818,714)	-	-	(818,714)
Unclaimed dividends past due	6(14)	-	58	-	-	-	-	-	58
Balance at December 31, 2020		\$ 2,923,984	\$ 2,515,059	\$ 1,620,061	\$ 1,315,055	\$ 6,729,459	(\$ 1,198,537)	(\$ 414,599)	\$ 13,490,482

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,313,645	\$ 2,172,155
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on valuation of financial liabilities at fair value through profit or loss		-	254
Depreciation expense (including right-of-use assets)	6(8)(9)	137,330	107,243
Share of profit of subsidiaries and associates accounted for under equity	6(7)	(2,066,974)	(1,261,103)
Disposal of associates accounted for using equity method	6(7)	-	(185,892)
Gain on disposal of property, plant and equipment	6(19)	(238)	(6,786)
Interest income	6(17)	(4,146)	(7,527)
Interest expense	6(20)	34,825	33,949
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(254)	-
Accounts receivable, net		227,084	(41,823)
Accounts receivable - related parties		17,963	(23,950)
Other receivables		84,540	68,933
Other receivables - related parties		(142,048)	71,696
Inventories		14,755	(136,014)
Prepayments		(12,842)	112,121
Changes in operating liabilities			
Notes payable		14,329	(221)
Accounts payable		(334,356)	647,128
Accounts payable - related parties		278,701	(219,766)
Advance receipts		-	(2,089)
Other payables		128,898	141,732
Other payables - related parties		(2,557)	-
Other current liabilities, others		5,233	1,519
Accrued pension liabilities		(26)	(20)
Cash inflow generated from operations		693,862	1,471,539
Interest received		4,445	6,683
Dividends received	6(7)	592,260	1,011,524
Interest paid		(33,294)	(34,920)
Income taxes paid		(221,719)	(152,822)
Net cash flows from operating activities		<u>1,035,554</u>	<u>2,302,004</u>

(Continued)

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for using equity method	6(7)	(\$ 280,912)	(\$ 99,990)
Acquisition of financial assets at amortised cost	6(4)	(585,800)	(382,626)
Acquisition of property, plant and equipment	6(24)	(275,268)	(138,341)
Proceeds from disposal of property, plant and equipment	6(8)	34,199	29,770
Decrease in refundable deposits		1,855	160
Increase in other non-current assets		(54,198)	(287,056)
Proceeds from repayments of financial asset at amortised cost		470,596	-
Net cash flows used in investing activities		(689,528)	(878,083)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		8,090,000	4,147,492
Decrease in short-term borrowings		(7,140,000)	(4,853,929)
Decrease in other payables to related parties		-	(599,293)
Proceeds from long-term borrowings		2,400,000	1,500,000
Repayments of long-term borrowings		(1,360,000)	(900,000)
Cash dividends paid	6(15)	(818,714)	(380,118)
Unclaimed dividends past due	6(14)	58	64
Repayments of principal portion of lease liabilities		(4,327)	(1,657)
Net cash flows from (used in) financing activities		1,167,017	(1,087,441)
Net increase in cash and cash equivalents		1,513,043	336,480
Cash and cash equivalents at beginning of year		662,988	326,508
Cash and cash equivalents at end of year		\$ 2,176,031	\$ 662,988

The accompanying notes are an integral part of these parent company only financial statements.

Attachment 4

Independent Auditors' Report and 2020 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Taiwan Surface Mounting Technology Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Surface Mounting Technology Corp. and subsidiaries (the “Group”) as at December 31, 2020 and 2019, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 audit of the consolidated financial statements as of and for the year ended December 31, 2020 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; and in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Auditing-1090360805 of February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the consolidated financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2020 consolidated financial statements. 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 2020 consolidated financial statements are stated as follows:

Existence of revenues of the newly top 10 significant customers

Description

Please refer to Note 4(27) for accounting policy on recognition of revenue and Note 6(17) for details of sales revenue.

Considering that the customers' demand has changed, the Group adjusted its product type. There are changes in sales customers resulted from changes in market demand and introduction of new products. As the newly top 10 significant customers are significant to the consolidated financial statements, we consider the existence of sales revenue from the newly top 10 significant customers a key audit matter.

How our audit addressed the matter:

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

- A. Obtained the evaluation data of the newly top 10 significant customers, completed an understanding of the Group's transaction counterparties and assessed new transaction counterparties based on the internal controls.
- B. Obtained detailed listing of sales revenue, performed detailed tests for the newly top 10 significant customers and verified relevant evidences including customer sales invoices, purchase orders and delivery documents.
- C. Inspected contents and relevant evidences of the newly top 10 significant customers in relation to sales returns and discounts occurring subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognised.

Valuation of allowance for inventory valuation losses

Description

For a description of the accounting policy on inventory valuation, please refer to Note 4(13); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for information on the allowance for inventory valuation losses, please refer to Note 6(6).

As of December 31, 2020, the Group's inventories and allowance for inventory valuation losses amounted to NT\$456,404 thousand and NT\$190,403 thousand, respectively. The Group is primarily engaged in design, processing, manufacturing and trading of TFT-LCD panels, general electronic information products and PCB surface mount packaging. In addition, the Group also manufactured made-to-order products. Most of the customers designated the Group to purchase and process materials, which were needed to manufacture the electronic products. Taking into consideration that those products have short life spans and are affected by the fluctuating market price of TFT-LCD panels, there is a higher risk of inventory losses due to market value decline or obsolescence. Inventories are stated at the lower of cost and net realisable value. The net realisable value which was used in the individual identification and valuation of allowance for inventory valuation losses, involved subjective judgment and uncertainty of estimation. The Group's inventory and allowance for inventory valuation losses are significant to the consolidated financial statements. Thus, we identified the valuation of allowance for inventory valuation loss as a key audit matter.

How our audit addressed the matter

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

- A. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the Group's operations and the characteristics of its industry.
- B. Understood the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.

- C. Verified whether the inventory aging report that were used to assess obsolete and slow-moving inventories was correct, including changes in inventories being classified to according inventory aging.
- D. Checked the appropriateness of the estimation basis adopted by the Group for the evaluation of net realisable value, verified accuracy of inventory selling and purchase prices and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Taiwan Surface Mounting Technology Corp. as at and for the years ended December 31, 2020 and 2019.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

CHIU, CHAO-HSIEN

LEE, HSIU-LING

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2021

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 independent auditors' report 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.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 7,659,898	20	\$ 6,193,861	19
1110	Financial assets at fair value through profit or loss - current	6(2)	995,178	3	962,644	3
1136	Current financial assets at amortised cost	6(4)	1,030,752	3	1,296,672	4
1150	Notes receivable, net	6(5)	-	-	2,002	-
1170	Accounts receivable, net	6(5)	12,934,273	34	12,504,014	38
1180	Accounts receivable - related parties	7	874	-	10	-
1200	Other receivables		88,900	-	297,146	1
130X	Inventories	6(6)	3,266,001	9	3,017,642	9
1410	Prepayments		472,933	1	509,718	1
1479	Other current assets, others		794	-	687	-
11XX	Current Assets		<u>26,449,603</u>	<u>70</u>	<u>24,784,396</u>	<u>75</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	272,586	1	284,617	1
1550	Investments accounted for under equity method	6(7)	5,670	-	1,726	-
1600	Property, plant and equipment	6(8)	8,738,159	23	6,881,715	21
1755	Right-of-use assets	6(9)	415,607	1	325,479	1
1840	Deferred income tax assets	6(24)	59,895	-	74,316	-
1915	Prepayments for business facilities		1,725,364	4	460,502	1
1990	Other non-current assets, others		362,802	1	353,663	1
15XX	Non-current assets		<u>11,580,083</u>	<u>30</u>	<u>8,382,018</u>	<u>25</u>
1XXX	Total assets		<u>\$ 38,029,686</u>	<u>100</u>	<u>\$ 33,166,414</u>	<u>100</u>

(Continued)

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 4,011,925	11	\$ 2,150,000	7
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	254	-
2150	Notes payable		19,136	-	5,122	-
2170	Accounts payable		12,773,971	34	12,595,997	38
2180	Accounts payable - related parties	7	104,765	-	110,033	-
2200	Other payables	6(11)	1,961,634	5	1,441,675	4
2230	Current income tax liabilities	6(24)	568,990	1	900,295	3
2280	Current lease liabilities		27,939	-	3,641	-
2300	Other current liabilities	6(12)	705,278	2	177,769	1
21XX	Current Liabilities		<u>20,173,638</u>	<u>53</u>	<u>17,384,786</u>	<u>53</u>
Non-current liabilities						
2540	Long-term borrowings	6(12)	2,674,400	7	1,596,769	5
2570	Deferred income tax liabilities	6(24)	1,560,088	4	1,364,365	4
2580	Non-current lease liabilities		25,043	-	1,471	-
2600	Other non-current liabilities		101,163	1	76,611	-
25XX	Non-current liabilities		<u>4,360,694</u>	<u>12</u>	<u>3,039,216</u>	<u>9</u>
2XXX	Total Liabilities		<u>24,534,332</u>	<u>65</u>	<u>20,424,002</u>	<u>62</u>
Equity attributable to owners of parent						
	Share capital	6(14)				
3110	Share capital - common stock		2,923,984	8	2,923,984	9
	Capital surplus	6(15)				
3200	Capital surplus		2,515,059	6	2,515,001	7
	Retained earnings	6(16)				
3310	Legal reserve		1,620,061	4	1,416,844	4
3320	Special reserve		1,315,055	3	827,907	3
3350	Unappropriated retained earnings		6,729,459	18	6,063,207	18
	Other equity interest					
3400	Other equity interest		(1,613,136)	(4)	(1,015,054)	(3)
31XX	Equity attributable to owners of the parent		<u>13,490,482</u>	<u>35</u>	<u>12,731,889</u>	<u>38</u>
36XX	Non-controlling interest		4,872	-	10,523	-
3XXX	Total equity		<u>13,495,354</u>	<u>35</u>	<u>12,742,412</u>	<u>38</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 38,029,686</u>	<u>100</u>	<u>\$ 33,166,414</u>	<u>100</u>

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

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(17) and 7	\$ 41,405,758	100	\$ 37,906,373	100
5000	Operating costs	6(6)(22)(23) and 7	(36,396,409)	(88)	(33,176,648)	(87)
5900	Net operating margin		<u>5,009,349</u>	<u>12</u>	<u>4,729,725</u>	<u>13</u>
	Operating expenses	6(22)(23)				
6100	Selling expenses		(232,532)	(1)	(280,229)	(1)
6200	General and administrative expenses		(1,184,885)	(3)	(1,091,050)	(3)
6300	Research and development expenses		(1,038,095)	(2)	(643,912)	(2)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(53,772)	-	(123,613)	-
6000	Total operating expenses		(2,509,284)	(6)	(2,138,804)	(6)
6900	Operating profit		<u>2,500,065</u>	<u>6</u>	<u>2,590,921</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6(18)	59,361	-	82,911	-
7010	Other income	6(19)	346,511	1	263,631	-
7020	Other gains and losses	6(20)	40,020	-	(76,068)	-
7050	Finance costs	6(21)	(53,026)	-	(79,220)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	(5,054)	-	(56,530)	-
7000	Total non-operating revenue and expenses		<u>387,812</u>	<u>1</u>	<u>134,724</u>	<u>-</u>
7900	Profit before income tax		<u>2,887,877</u>	<u>7</u>	<u>2,725,645</u>	<u>7</u>
7950	Income tax expense	6(24)	(699,628)	(2)	(696,067)	(2)
8000	Profit for the year from continuing operations		<u>2,188,249</u>	<u>5</u>	<u>2,029,578</u>	<u>5</u>
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial loss on defined benefit plan	6(13)	(18,407)	-	(3,054)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(12,132)	-	(127,638)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(30,539)	-	(130,692)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(586,112)	(1)	(353,352)	(1)
8370	Total Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		-	-	(9,692)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(586,112)	(1)	(363,044)	(1)
8300	Total other comprehensive loss for the year		(\$ 616,651)	(1)	(\$ 493,736)	(1)
8500	Total comprehensive income for the year		<u>\$ 1,571,598</u>	<u>4</u>	<u>\$ 1,535,842</u>	<u>4</u>
	Profit (loss), attributable to:					
8610	Owners of the parent		\$ 2,193,738	5	\$ 2,035,222	5
8620	Non-controlling interest		(5,489)	-	(5,644)	-
			<u>\$ 2,188,249</u>	<u>5</u>	<u>\$ 2,029,578</u>	<u>5</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 1,577,249	4	\$ 1,545,021	4
8720	Non-controlling interest		(5,651)	-	(9,179)	-
			<u>\$ 1,571,598</u>	<u>4</u>	<u>\$ 1,535,842</u>	<u>4</u>
	Basic earnings per share	6(25)				
9750	Total basic earnings per share		<u>\$ 7.50</u>		<u>\$ 6.96</u>	
	Diluted earnings per share	6(25)				
9850	Total diluted earnings per share		<u>\$ 7.46</u>		<u>\$ 6.93</u>	

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

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained Earnings				Other equity interest					
Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity	
<u>Year 2019</u>											
	Balance at January 1, 2019	\$ 2,923,984	\$ 2,529,156	\$ 1,338,344	\$ 1,008,812	\$ 4,308,752	(\$ 253,078)	(\$ 274,829)	\$ 11,581,141	\$ 19,702	\$ 11,600,843
	Profit for the year	-	-	-	-	2,035,222	-	-	2,035,222	(5,644)	2,029,578
	Other comprehensive loss for the year	-	-	-	-	(3,054)	(359,509)	(127,638)	(490,201)	(3,535)	(493,736)
	Total comprehensive income	-	-	-	-	2,032,168	(359,509)	(127,638)	1,545,021	(9,179)	1,535,842
	Appropriation and distribution of 2018 retained earnings:	6(16)									
	Legal reserve	-	-	78,500	-	(78,500)	-	-	-	-	-
	Reversal of special reserve	-	-	-	(180,905)	180,905	-	-	-	-	-
	Cash dividends	-	-	-	-	(380,118)	-	-	(380,118)	-	(380,118)
	Disposal of associates accounted for using equity method	-	(14,219)	-	-	-	-	-	(14,219)	-	(14,219)
	Unclaimed dividends past due	6(15)	64	-	-	-	-	-	64	-	64
	Balance at December 31, 2019	<u>\$ 2,923,984</u>	<u>\$ 2,515,001</u>	<u>\$ 1,416,844</u>	<u>\$ 827,907</u>	<u>\$ 6,063,207</u>	<u>(\$ 612,587)</u>	<u>(\$ 402,467)</u>	<u>\$ 12,731,889</u>	<u>\$ 10,523</u>	<u>\$ 12,742,412</u>
<u>Year 2020</u>											
	Balance at January 1, 2020	<u>\$ 2,923,984</u>	<u>\$ 2,515,001</u>	<u>\$ 1,416,844</u>	<u>\$ 827,907</u>	<u>\$ 6,063,207</u>	<u>(\$ 612,587)</u>	<u>(\$ 402,467)</u>	<u>\$ 12,731,889</u>	<u>\$ 10,523</u>	<u>\$ 12,742,412</u>
	Profit for the year	-	-	-	-	2,193,738	-	-	2,193,738	(5,489)	2,188,249
	Other comprehensive loss for the year	-	-	-	-	(18,407)	(585,950)	(12,132)	(616,489)	(162)	(616,651)
	Total comprehensive income	-	-	-	-	2,175,331	(585,950)	(12,132)	1,577,249	(5,651)	1,571,598
	Appropriation and distribution of 2019 retained earnings:	6(16)									
	Legal reserve	-	-	203,217	-	(203,217)	-	-	-	-	-
	Special reserve	-	-	-	487,148	(487,148)	-	-	-	-	-
	Cash dividends	-	-	-	-	(818,714)	-	-	(818,714)	-	(818,714)
	Unclaimed dividends past due	6(15)	58	-	-	-	-	-	58	-	58
	Balance at December 31, 2020	<u>\$ 2,923,984</u>	<u>\$ 2,515,059</u>	<u>\$ 1,620,061</u>	<u>\$ 1,315,055</u>	<u>\$ 6,729,459</u>	<u>(\$ 1,198,537)</u>	<u>(\$ 414,599)</u>	<u>\$ 13,490,482</u>	<u>\$ 4,872</u>	<u>\$ 13,495,354</u>

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

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,887,877	\$ 2,725,645
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on valuation of financial liabilities at fair value through profit or loss	6(2)	-	254
Expected credit loss	6(22) and 12(2)	53,772	123,613
Depreciation expense (including right-of-use assets)	6(8)(9)(22)	880,871	790,519
(Gain) loss on reversal of impairment loss on financial assets	6(8)(20)	(39,624)	40,500
Interest income	6(18)	(59,361)	(82,911)
Interest expense	6(21)	53,026	79,220
Disposal of associates accounted for using equity method	6(20)	-	(185,924)
Losses on disposals of property, plant and equipment	6(20)	82,776	74,593
Share of loss of associates and joint ventures accounted for using equity method		5,054	56,530
Unrealized foreign exchange gain		6,028	12,414
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		2,002	22,911
Accounts receivable, net		(466,115)	(348,313)
Accounts receivable - related parties		(864)	34
Other receivables		195,852	44,168
Inventories		(127,445)	(171,629)
Prepayments		(228,176)	89,481
Other current assets, others		(107)	(3)
Changes in operating liabilities			
Notes payable		14,014	(89)
Accounts payable		177,974	2,161,921
Accounts payable - related parties		(5,268)	(15,980)
Other payables		562,184	54,552
Other current liabilities		(34,764)	(1,867)
Cash inflow generated from operations		3,959,706	5,469,639
Interest received		66,420	71,610
Income taxes paid		(544,026)	(602,696)
Interest paid		(51,762)	(80,254)
Net cash flows from operating activities		<u>3,430,338</u>	<u>4,858,299</u>

(Continued)

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in valuation of financial assets at fair value through profit or loss		(\$ 32,788)	(\$ 318,989)
Acquisition of financial assets at fair value through other comprehensive income		-	(6,446)
Acquisition of investments accounted for using equity method		(9,000)	-
Proceeds from repayments of financial assets at amortised cost		1,312,970	(1,296,672)
Acquisition of property, plant and equipment	6(26)	(2,835,557)	(1,119,179)
Proceeds from disposal of property, plant and equipment	6(8)	64,166	51,210
Acquisition of financial assets at amortised cost		(1,041,093)	-
Acquisition of use-of-right assets		(66,030)	-
Increase in prepayments for business facilities		(1,703,908)	(452,492)
Increase in refundable deposits		(6,678)	(633)
Decrease (increase) in other non-current assets		(1,384)	59,386
Net cash flows used in investing activities		(4,319,302)	(3,083,815)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	9,503,966	4,279,167
Repayments of short-term borrowings	6(27)	(7,631,106)	(4,983,576)
Cash dividends paid	6(16)	(818,714)	(380,118)
Proceeds from long-term borrowings	6(27)	3,286,195	1,685,460
Repayments of long-term debt	6(27)	(1,595,218)	(945,438)
Increase in other non-current liabilities	6(27)	6,145	1,818
Unclaimed dividends past due	6(15)	58	64
Repayments of principal portion of lease liabilities	6(27)	(17,093)	(10,339)
Net cash flows from (used in) financing activities		2,734,233	(352,962)
		(379,232)	(218,122)
Net increase in cash and cash equivalents		1,466,037	1,203,400
Cash and cash equivalents at beginning of year	6(1)	6,193,861	4,990,461
Cash and cash equivalents at end of year	6(1)	<u>\$ 7,659,898</u>	<u>\$ 6,193,861</u>

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

Attachment 5

Taiwan Surface Mounting Technology Corp.

2020 Earnings Distribution

Unit: NT\$

Item	Sub-total	Total
Retained earnings available for distribution for distribution at the beginning of 2020		\$ 4,554,128,294
Less: 2020 actuarial gains and losses of defined benefit plans	(18,406,956)	
Retained earnings available for distribution after adjustment		4,535,721,338
Add: Net Income after tax of 2020	2,193,737,676	
Less: 10% legal capital reserve	(217,533,072)	
Less: Amount appropriated as special reserve	(598,081,588)	1,378,123,016
Accumulated distributable earnings		\$ 5,913,844,354
Allocation items:		
Cash dividends of common stock (NT\$3.3 per share)	(964,914,565)	(964,914,565)
Undistributed earnings at the end of the period		\$ 4,948,929,789

Note 1: For this case, the yield had been calculated in accordance with the current outstanding shares of 292,398,353 shares.

Note 2: If the number of outstanding shares has changed and caused an impact on the dividend yield, it is proposed that the shareholders' meeting should authorize the Chairman of the Board to draft the total amount of earnings subject to distribution based on the number of common shares of the latest shareholders' meeting resolution, and adjust the yield base on the actual number of outstanding shares on the record date.

Note 3: The calculation was rounded down to the closest dollar and the sum of changes was included in other revenue of the Company.

Attachment 6

Taiwan Surface Mounting Technology Corp.

Comparison between Original and Amendments to Rules Governing the Proceedings of Shareholder Meetings

No.	Original Version	Amended Version	Revision description
VIII	<p>The chairperson shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of current outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.</p> <p>(Omitted)</p>	<p>The chair shall call the meeting to order at the appointed meeting time while announcing relevant information such as the number of non-voting rights and the number of shares present. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of current outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.</p> <p>(Omitted)</p>	<p>Amended to enhance corporate governance and to protect the interests of shareholders.</p>

Appendix 1

Taiwan Surface Mounting Technology Corp.

Rules and Procedures of Shareholders' Meeting (before amendment)

(Amendment passed by the annual shareholders' meeting on Jun. 9, 2006)

- I. Unless otherwise specified by law or the Articles of Incorporation, the Company shall proceed its shareholders' meetings according to the terms of the Rules.
- II. The shareholders' meeting shall furnish the attending shareholders with an attendance log to sign, or attending shareholders may hand in a sign-in cards in lieu of signing in. The number of shares represented during the meeting is calculated based on the total amount registered in the attendance log or the sign-in cards collected, where voting rights are exercised in writing or through electronic means, those numbers shall be added.
- III. Votes and attendance in a shareholders' meeting are determined by the number of shares represented during the meeting.
- IV. The location of shareholders' meetings shall be the Company's current location or such other place that is convenient for shareholders to attend. The meetings shall not commence earlier than 9 a.m. or later than 3 p.m.
- V. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the Managing Directors to act as the chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as the chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one person to serve as the chair.
For shareholders' meetings convened by any authorized party other than the Board of Directors, the convener will act as the meeting chair.
- VI. The Company's lawyers, certified public accountants, and any relevant personnel may be present at the shareholders' meeting.
Organizers of the shareholders' meeting must wear proper identification or arm badges.
- VII. Entire proceedings of shareholders' meeting shall be recorded on audio or video tape and preserved for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

VIII. The chair shall announce the commencement of the meeting as soon as the appointed time arrives. However, if those in attendance represent less than half of the Company's current outstanding shares, the chair may announce to postpone the meeting up to two times, for a period totaling no more than 1 hour. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of current outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.

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

IX. If the shareholders' meeting is convened by the board of directors, the board of directors shall determine the meeting proceedings. The proceedings shall not be changed unless resolved during the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.

After a meeting adjourned, shareholders may not elect another chair to continue the proceeding of the meeting at the same or a new place, provided that, if the chair declares the adjournment of the meeting in a manner in violation of the rules of procedure, a new chair may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceeding of the meeting.

X. Shareholders who wish to speak during the meeting must produce a speech note detailing the topics and the shareholder's account number (or the attendance card serial number). The order of shareholders' comments shall be determined by the chair.

A shareholder who has submitted a opinion slip but does not actually speak shall be deemed to have not spoken. If the contents of speech are inconsistent with the contents of opinion slip, the contents of speech shall prevail.

When a shareholder attends the shareholders' meeting, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor. The chair shall stop any violation.

XI. Each shareholder shall speak no more than twice, for five minutes each, on the same agenda item unless otherwise agreed by the chair.

The chair may stop shareholders from speaking if they violate the rules or speak outside the agenda item under discussion.

XII. When a juristic person is appointed to attend the shareholders' meeting, it may designate only one person to attend on its behalf.

Where a corporate shareholder has appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda item.

XIII. After the shareholder has finished speaking, the chair may answer to the shareholder's queries personally or appoint any relevant personnel to do so.

XIV. When the chair at a Board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

XV. The chair will appoint a ballot scrutineer and a ballot counter; the ballot scrutineer must be a shareholder. The outcome of the vote shall be documented and announced on site.

XVI. The chair may put the meeting in recess at appropriate times.

If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including special motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

XVII. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

Matters regarding the shareholders attending the shareholders' meeting by proxy obtained through solicitation and non-solicitation means shall be governed by the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies propagated by the securities competent authority.

Unless otherwise regulated by the Company Act or the Articles of Incorporation, an agenda item is passed when supported by shareholders who represent more than half of the total voting rights in the meeting.

An agenda is considered passed if the chair receives no objections from any attendants. This voting method is as effective as does the conventional ballot method.

XVIII. When there are any amendments or alternative solutions for the same proposal, the chair shall combine these amendments/alternative solutions with the original proposal and decide their priority for voting. If any resolution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

XIX. The Chairman may instruct pickets (or security staff) to help maintain order in the meeting. The pickets (or security personnel) shall wear armbands with the word "picket" when trying

to maintain order.

XX. The Rules and any amendments hereto shall be implemented after adoption by shareholders' meetings.

Appendix 2

Taiwan Surface Mounting Technology Corp.

Articles of Incorporation

Chapter 1.General Provisions

Article 1: The Company is organized in accordance with the Company Act and named Taiwan Surface Mounting Technology Corp.

Article 2: The scope of business of this Company shall be as follows:

- I. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- II. CC01040 Lighting Facilities Manufacturing
- III. CC01060 Wired Communication Equipment and Apparatus Manufacturing
- IV. CC01070 Telecommunication Equipment and Apparatus Manufacturing
- V. CC01080 Electronic Parts and Components Manufacturing
- VI. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
- VII. CC01110 Computers and Computing Peripheral Equipment Manufacturing
- VIII. F401010 International Trade
- IX. IG03010 Energy Technical Services
- X. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The headquarters of the Company is located in Changhua County, Taiwan. The Company may establish branches or subsidiaries in Taiwan or overseas as the Company may require upon resolution by the board of directors of the Company ("Board or "Board of Directors").

Article 4: The Company shall be exempt from the restrictions on the total investment amount specified in Article 13 of the Company Act. The Company may provide endorsements and guarantees to outside parties as needed to facilitate its business activities.

Chapter 2.Shareholding

Article 5: The Company's capital shall be set at NT\$5 billion, divided into 500 million shares with each share having a par value of NT\$10.

The unissued shares may be issued in installments at the discretion of the Board of Directors. Among which, the amount of NT\$200 million, 20 million shares in total, may be used to issue share subscription warrant, special shares subscribable under outstanding ancillary special share subscription warrants or shares subscribable under outstanding corporate bonds vested with share subscription rights.

If the issued subscription price of the Company is lower than the subscription warrant of employees of the closing price of common stock of Japanese companies, they can only be issued after obtaining the consent from more than two thirds of voting power of attending shares at shareholders' meeting to be attended by more than half shareholders representing the total number of issued shares.

The shares legally bought back by the Company may be transferred to the employees at a price lower than the average price paid for the shares by resolution of the most recent shareholders' meeting prior to the fact. The resolution for such transfer shall be adopted with the concurrence of over two-thirds of votes exercised by the shareholders present at the shareholders' meeting who represent a majority of the issued shares of the Company.

Where the Company plans to withdraw its stocks from public offering, the Company shall submit such proposal to the shareholders' meeting for resolution. This provision shall not be altered during the listing period.

Article 6: (Deleted)

Article 7: The Company's shares shall be registered and numbered, and shall bear the signatures or personal seals of at least three directors, and be issued upon certification in accordance with the law. When issuing the shares, the Company may opt not to print any share certificates, or to print the separately-issued shares on a combined basis. The shares shall however be kept or registered in accordance with the law.

Article 7-1: The Company shall administer all the stock-related affairs in accordance with the relevant regulations.

Article 8: No registration of transfer of shares shall be made within sixty days (60) prior to an annual shareholder meeting, nor within thirty days (30) prior to a special (extraordinary) shareholder meeting, nor within five (5) days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

Chapter 3. Board of Shareholders

Article 9: There are two types of shareholders' meeting, including regular meeting and extraordinary meeting. Annual meetings shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year. The extraordinary shareholders' meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.

Article 10: If a shareholder is unable to attend the shareholders' meeting in person, a proxy can be appointed to attend on his/her behalf by submitting a proxy form in accordance Article 177 of the Company Act.

Article 11: Except where the voting right of the shareholder is restricted or in the circumstances set

forth in provisions of Article 179 under the Company Act, a shareholder shall have one voting power in respect of each share in his/her possession.

Article 12: Except otherwise regulated by the Company Act, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting. In accordance with regulations of the competent authorities, shareholders of this company may exercise their voting rights by way of electronic transmission, exercising such rights by way of electronic transmission shall be deemed to have attended the said shareholders' meeting. Other relevant matters shall be handled in accordance with the laws and regulations.

Chapter 4. Directors and Audit Committee

Article 13: The Company shall have 7 to 11 Directors, who are elected during shareholders' meetings from persons of adequate capacity to serve a term of 3 years. Their terms of service may be renewed if they are re-elected in the following election. The election adopts a candidate nomination system in accordance with the Company Act.

As stipulated in Article 14-2 of the Securities and Exchange Act, there shall be no less than 3 Independent Directors in the aforementioned quota of Directors, and the number of Independent Directors shall not be less than one-fifth of the total Directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, attendance by proxy and other matters for compliance with respect to Independent Directors shall follow prescriptions of the securities competent authority.

Total registered shares held by the Company's entire Board of Directors shall be in compliance with the regulations propagated by the securities competent authority.

The Company has established an Audit Committee comprising of Independent Directors. The audit committee and the members of the Audit Committee are responsible for executing the authority of the Supervisors according to the Company Act, Securities and Exchange Act and other relevant regulations.

Article 13-1: The Company may purchase liability insurance for the Directors within their terms of office.

Article 14: The Board of Directors is composed of Directors. The directors shall elect a chairman from among themselves in the Board meeting with the consent of the majority of attending Directors, which represents more than two-thirds of all Directors. The Chairman shall have the authority to represent the Company.

The reasons for convening a Board meeting shall be notified to each Director at least 7 days in advance. However, in the event of an emergency, the meeting may be convened at any time.

The Board meetings may be convened in the form of letters, e-mail or fax.

Article 15: If the Chairman of the Board is unable to perform his/her duties due to leave of absence or any reason, a delegate shall be appointed in accordance with Article 208 of the Company Act.

If a Director is unable to attend a Board meeting in person, another Director may be appointed to act on behalf of the absent Director in attending the meeting. The Directors' proxies in attending the Board meeting shall be governed by Article 205 of the Company Act.

Article 16: When the Directors of the Company perform their duties, regardless of the gains and loss of the Company, the Company shall pay remuneration, and the Board of Directors shall be authorized to determine the amount of remuneration with reference to the participation and contribution to the Company's operations and by reference to the standard of the industry domestic or abroad.

Chapter 5. Managerial officer

Article 17: The Company shall have one President and several Vice Presidents. The appointment, discharge and remuneration shall be done in accordance with Article 29 of the Company Act. The competence of managers to manage the Company's affairs and sign on behalf of the Company and the scope of such competence shall be determined by the Board of Directors.

Chapter 6. Accounting

Article 18: The fiscal year of the Company shall begin on January 1 and end on December 31 of the year. The Company's Board of Directors shall prepare (1) business report, (2) financial statements, and (3) earning distribution or deficit compensation proposal after the end of each fiscal year and forward them to the annual shareholders' meeting for approval.

Article 19: The Company's net income before tax before deducting the remuneration to employees and Directors should be used to make up for aggregated losses, no less than 5% of any remainder shall be allocated as the employees' remuneration and no more than 1% shall be allocated as the Directors' remuneration.

Employees' remuneration and Directors' remuneration may be distributed in the form of cash or stocks, subject to a resolution adopted by a majority vote at a Board meeting attended by two-thirds of the total number of Directors and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Those receiving employees' remuneration in stocks or cash include employees of subordinate companies meeting certain criteria.

Article 19-1: The Company's surplus at the end of the accounting year shall be first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal capital reserve and special capital reserve by law or reversal. The remainder plus previous retained earnings shall be allocated by the Board's proposal and subject to

approval at the shareholders' meeting.

Article 20: For the Company's dividend policy, the Company adopts the residual dividend policy, the board of directors will draft earnings distribution proposals based in the profitability and the capital status for the current year, taking the Company's future operational planning, business development, capital expenditure budget and capital requirements into consideration and subject to the resolution of the shareholders' meeting. The issuance of stock dividends takes precedence over the payment of cash dividends or stock dividends. In principle, cash shall not be less than 20% of total dividends distributed.

Chapter 7. Supplementary Provisions

Article 21: Any other issues not covered in the Articles of Incorporation shall be governed by the Company Act.

Article 22: The original Articles of Incorporation were established on March 10, 1990

The 1st amendment was on August 23, 1990

The 2nd amendment was on September 17, 1991

The 3rd amendment was on October 8, 1991

The 4th amendment was on August 1, 1994

The 5th amendment was on March 1, 1995

The 6th amendment was on May 7, 1997

The 7th amendment was on August 11, 1997

The 8th amendment was on September 30, 1997

The 9th amendment was on March 15, 1998

The 10th amendment was on June 17, 1998

The 11th amendment was on July 17, 1998

The 12th amendment was on June 10, 1999

The 13th amendment was on June 15, 2000

The 14th amendment was on June 15, 2001

The 15th amendment was on June 24, 2002

The 16th amendment was on April 4, 2003

The 17th amendment was on April 30, 2004

The 18th amendment was on June 14, 2005

The 19th amendment was on June 9, 2006

The 20th amendment was on June 15, 2007

The 21st amendment was on June 13, 2008

The 22nd amendment was on June 19, 2009

The 23rd amendment was on May 14, 2010

The 24th amendment was on June 17, 2011.

The 25th amendment was on June 18, 2014.

The 26th amendment was on June 15, 2015.

The 27th amendment was on June 15, 2016.

The 28th amendment was on June 22, 2018. The amendment altering the number of Directors to 7 to 11 Directors shall apply after the approval of the 2018 annual shareholders' meeting, and the rest of the amendments shall apply upon the termination of the terms of office for the current Directors and Supervisors in June, 2019.

Appendix 3

Shareholding of Directors

Base date: April 27, 2021

Title	Name	Election Date	Shareholding when elected			Current shareholding			Remarks
			Category	Shares	Shareholding ratio (%)	Category	Shares	Shareholding ratio (%)	
Chairman of the board	Wu, Kai-Yun	2019.06.13	Ordinary shares	11,931,653	4.08%	Ordinary shares	11,931,653	4.08%	
Director	Lin, Wen-Ching	2019.06.13	Ordinary shares	5,905,789	2.02%	Ordinary shares	5,914,789	2.02%	
Director	Wang, Chia-Chen	2019.06.13	Ordinary shares	615,030	0.21%	Ordinary shares	567,030	0.19%	
Director	Shen, Shian-Ho	2019.06.13	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Director	Wu, Yun-Chung	2019.06.13	Ordinary shares	4,000,470	1.37%	Ordinary shares	4,000,470	1.37%	
Director	Lin, Wen-Chang	2019.06.13	Ordinary shares	2,500,883	0.86%	Ordinary shares	2,500,883	0.86%	
Director	Hsiao, Hsueh-Fong	2019.06.13	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Independent Director	Hwu, Shoou-Chyang	2019.06.13	Ordinary shares	338,888	0.12%	Ordinary shares	338,888	0.12%	
Independent Director	Chang, May-Yuan	2019.06.13	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Independent Director	Chen, Meng-Ping	2019.06.13	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Total			Ordinary shares	25,292,713		Ordinary shares	25,253,713		

Total number of shares issued on June 13, 2019: 292,398,353 shares

Total number of shares issued on April 27, 2021: 292,398,353 shares

Note: The statutory requirement for the aggregated shareholding of all Directors is: 12,000,000 shares; the aggregated shareholding of all Directors as of April 27, 2021 is 24,914,825 shares.

Note: The Company had established an Audit Committee, so the statutory requirement for the aggregated shareholding of all Supervisors does not apply.

◎The shareholding of Independent Directors are not calculated in the shareholding of Directors.