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C SUN MFG. LTD

Annual Report 2020

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Content

Chapter 1. Letter to Shareholders

I. Business Report for 2020

Dear Shareholders,

We would like to extend our appreciation to Shareholders for their long-term support for C Sun. We hereby report to Shareholders of our operating status for 2020:

(I) Operating Results:

Unit: NT$ thousands

Item	2020	2019	Increase (Decrease) Ratio
Net operating income	4,085,806	4,438,288	-7.9%
Operating gross profit	1,547,314	1,268,300	22.0%
Operating expenses	1,016,806	954,186	6.6%
Net operating profits	530,508	314,114	68.9%
Non-operating income (expenses)	75,343	104,020	-27.6%
Net profit after tax	475,245	338,413	40.4%
Net profit attributable to the parent company	438,766	312,390	40.5%

(II) Overview on Financial Income and Expenses and Profitability:

1. Financial Structure
   Equity to asset ratio = 39.74%
   Debt to asset ratio = 60.26%

2. Solvency
   Current ratio = 145.88%
   Quick ratio = 114.09%

3. Profitability
   Return on assets (ROA) = 6.67%
   Return on equity (ROE) = 16.46%
   Net profit margin = 10.74%
   Earnings per share(EPS) = NT$2.94

R&D Status for 2020:

Industry	Item
PCB	RTR auto-exposure system, development of semiconductor equipment, exposure system network project (Science and Technology R&D Project), ABF peeler project, and double cavity vacuum lamination line project
TFT/Touch Panel	Development of PI flexible display IR oven, and large panel aging automated functions
SEMI/PV	Vacuum lamination line, plasma asher module, and chemical

	water solution coating line
Coating/Electronic assembly	UV LED, 3D shaping for shoes, RTR coating machine

II. Summary of Operating Plans for 2021

(I) Operating Policy for the Year

1. Business

（1）Grasp the business opportunities related to capital expenditures on 8K4K TV, OLED, LTPS, IGZO, and SLP MSAP, and 3D IC packaging.

（2）Expand into the Southeast Asian, Indian, and US markets.

（3）Work with different sectors to provide a more comprehensive product portfolio for customers.

2. Focus on appeals related to energy-saving, environmental protection, and circular economy: Reinforce the marketing for various UV LED machines and exposure systems, improve the energy-saving feature of ovens, and adhere to environmental protection by reducing wastes during its operations.

3. R&D: Increase the internal core technology exchanges to allow a more comprehensive product portfolio and strengthen the cooperative relationships with external strategic partners for R&D and markets.

Product technologies to be developed in 2021:

Industry	Item
PCB	Development of high-end roller laminator, multi-cavity vacuum laminator, STR roller laminator, and ABF peeler, vehicle protection film lamination,
TFT/Touch Panel	Micro LED laminator, large panel AGING automated functions, vehicle autoclave equipment
SEMI/PV	Development of WTW bonder, passive component automated laminator, vacuum high-temperature oven, semiconductor production innovation project – furnace tube, burn-in oven

4. Management

（1）Organization

Establish an organizational structure with business units (BU) based on industries and core technologies.

The BUs will base on the core technologies to exert professional leverage in the manufacturing process. Meanwhile, the Company will develop an integrated innovative R&D system for the Group’s management platform and exert the scale advantage of channels.

(2) Talent Cultivation

Introduce outstanding talents, industry-academy cooperation, and external consultants. Our senior officers will assume the office as internal lecturers and cooperate with internal knowledge management (KM) system and on-the-job training, to systematically cultivate the R&D team for core technologies and PARPRO (professional partners) with management abilities and integrated capacity, and in turns manifest the opportunities to develop C Sun into a learning organization with core competitiveness.

(3) Asset Management

Strengthen the risk control on cash flows and positions; improve the clearance of account receivables and new and old obsolete stock.

(4) Production Management

Improve the quality control system from QC to quality assurance (QA) and continue to introduce experienced experts to comprehensively improve the reliability of our products. To instantly respond to market demands, we establish an effective cross-strait work division, streamline our operations, infuse the concept of circular economy, and commit to environmental protection and waste reduction.

(II) Expected Sales Volume for 2021 and Its Basis:

Unit: Machine

Product	Volume
Equipment for light curing manufacturing process	179
Equipment for heat curing manufacturing process	1063
Equipment for lithography laboratory (dry) manufacturing process	197
Equipment for lithography laboratory (wet) manufacturing process	94
Other products	107
Total	1,640

Note: Prepared with reference to factors such as orders received, production schedule, shipping dates, and industrial development

(III) Significant Production and Marketing Policy

1. Organize the effective cross-strait work division, back-up, and emergency response, and make proper adjustments according to the development of the economic situation.
2. Improve the Company to a total solution provider regarding the integrated materials and manufacturing process of equipment.

3. Maintain the Company's leading status for light and heat manufacturing process equipment in the electronic industry in Greater China.

4. Provide production solutions with high production capacity, high energy-saving, and high precision for industries of PCB, FPD, touch panel, SEMI, PV, LED, electronic assembly, sports shoes, and printing and coating.

5. Actively participate in smart-auto, energy-saving, environmental protection, and relevant growing industries.

III. Future Development Strategies of the Company

Adhering to our consistent operating strategy, the Company will focus on its prosperous primary business related to equipment, and continue to extend into equipment for the pre- and post-manufacturing process. With the element of Industry 4.0, we are well prepared to launch new application equipment with high standards that are in line with green energy concurrently. We connect to technologies of subsidiaries and strategic partners and the market and use the experiences accumulated for the past decades in our five major equipment core technologies (UV, thermal, lamination, wet process, and plasma) as the solid bedrock of our operations, so as to extend the application of innovative technologies into other industries and expand our business and foreign trade reach. We hope to deepen and expand our core technologies and smart-auto AI to provide a more comprehensive product portfolio and services.

IV. **Effects of External Competitive Environment, Regulatory Environment, and Overall Business Environment**

(I) External Competitive Environment:

Among products produced by C Sun, we possess a leading global status regarding laminators for the PCB manufacturing process, IC packaging ovens, and UV equipment for the shoe industry. For the TFT LCD/touch panel manufacturing process equipment industry, we gained considerable results from our panel plants in China and Taiwan, and we gain advantages over imported equipment from Japan and Korea. Currently, C Sun is the only equipment supplier that provides multilayer ovens for the FEOL of large-scale TFT in China and Taiwan. With its constantly new innovative technologies, C Sun will actively invest in markets in Taiwan, China, Southeast Asia, Europe, the US, and Japan.

(II) Regulatory Environment:

C Sum adheres to the principle of legal operations and fulfilling social responsibilities, and it is able to achieve legal compliance facing the changes in the regulatory environment due to the response measures adopted by professional managers and the consultation provided by legal experts.

(III) Macroeconomic Environment:

C Sun possesses a broad portfolio of equipment for a wide range of industries, spanning from PCB, FPD, touch panel, SEMI, PV to printing and coating industries. With the changes in customers' strategies, the importance of core competitiveness becomes prominent.

Under the effects of the China-US trade war and COVID-19, the industry chain and trade ecology experienced significant transitions. Leverage on its solid nature and lean organization build throughout the past 55 years, C Sun strengthens its core technologies through industry-academic cooperation to flexibly and swiftly adapt to the transitions of the macroeconomy. We also closely collaborated with our partners to form the alliance of G2C+ in 2020, in the hope of integrating resources and providing added value to our services and products.

Looking ahead, C Sun will focus on its core technologies, solidify and deepen its existing industries, products, customers, and reinforce the industry-academic cooperation. We will utilize our core technologies and comply with the trend of localization to satisfy customers' demand through the one-stop-shopping services provided by the G2C+ Alliance and integrate product lines to offer premium services. We hope that C Sun and partners within the G2C+ Alliance will realize the expectations of "utilizing strong foundations to create value, cooperating for co-creation, sharing harmoniously, jointly achieving long-term cooperation.

In the end, we would like to wish our shareholders good health and may everything go smoothly.

Chairman Morrison Liang

Chapter 2. Company Profile

I. Date of Establishment: 18 April 1978

II. History:

Liang Wu-Shun, the founder of the Company, established the I-Chen Instrument Manufactory (一成儀器製造所) in 1966 and commenced the production of baking ovens. In 1971, it commenced the production of environmental chambers. The Company's name was changed from C Sun Instruments to C Sun MFG. Ltd.; the significant milestones are as follows:

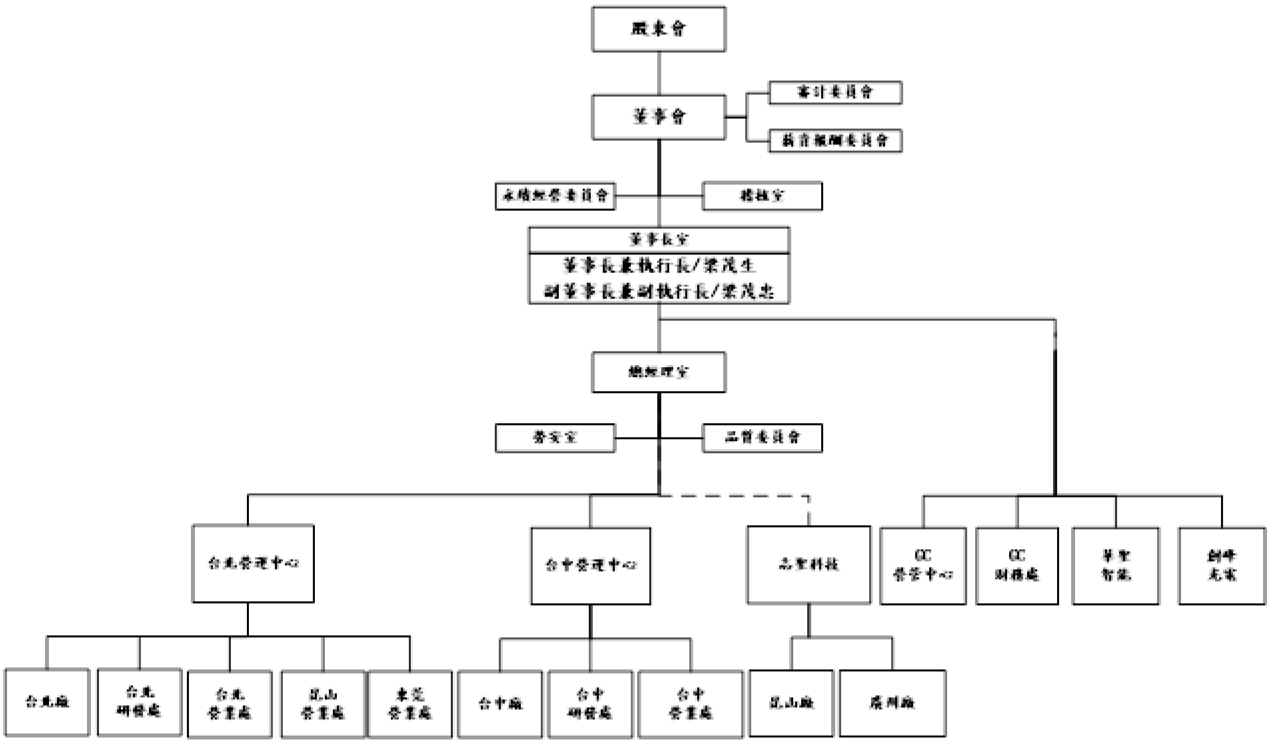
1981	Launched the UV drying machine and established the Taichung Plant
1982	Obtained the exclusive distribution rights of the UV modulator tube in Southeast Asia
1994	Launched 7kw/5kw exposure machine
1997	Launched inner layer auto exposure machine and automated laminator
	Established the Guangzhou Plant
1999	Entered into the field of LCD equipment manufacturing
	C Sun's shares listed on TPEx
2001	C Sun's shares listed on TWSE
2003	Participated in the "III-V Group Semiconductor Technology Project" to develop RTP equipment
	Launched automated and semi-automated outer layer exposure machines
	Established C Sun Tech. Guangzhou Ltd. (Kunshan)
2006	Cooperated with White Russia in developing the Stepper exposure machine
	Merged with Jingyen Technology (晶研科技) and established its branch in Hsinchu Science Industrial Park (HSIP) to specialize in plasma equipment
2007	Merged with Pude Technology (鐠德科技)
2008	The construction of C Sun Technology Kunshan Plant was completed
2009	Received the subsidies from the National Science Council of the Executive Yuan under the "High-tech Equipment Forward-looking Technology Development Project" to develop the semiconductor wafer laminator
	Received the result recognition from the Ministry of Economic Affairs (MOEA) under the science and technology project for our FPD multilayer oven
	Received the subsidies from MOEA under the science and technology project to develop the silicon solar power high-temperature sintering furnace
2010	Launched the 450kg poly-Si crystal growth furnace
2011	The UV multilayer oven received the Taiwan Excellence Awards
	Invested in Top Creation Machines Co., Ltd. in Suzhou for it to become a subsidiary
2012	The construction of the Taichung Plant in the Precision Machinery Innovation Technology Park was completed
	Invested in Huashun Technology for it to become a subsidiary of C Sun MFG.; developed the patterned sapphire substrate (PSS)
	The WVL automated wafer laminator received the Outstanding Supplier Forward-looking Innovation Award
2013	The IGZO high-temperature annealing furnace received subsidies from

	MOEA under the science and technology project
2014	Received the Silver Award under the Green Booth Award of the iECO Design Competition from TPCA
2015	The display panel high-effect hot air multilayer oven received the 2015 Gold Panel Awards/Huashun suspended the production of PSS/HSIP Branch included two BUs
2016	The hot air multilayer oven received the Taiwan Excellence Awards
	New alignment technology for display panel – the UV multilayer oven received the 2016 Gold Panel Awards
	The construction of C Sun Technology Kunshan Plant was completed and put into use
2017	The "high-precision display manufacturing process – smart-auto hot plate multilayer oven" received the "Outstanding Product Award – Smart Manufacture and Equipment" from TDUA.
	"2017 Gold Panel Awards – Eminent Person Contribution Award"
2019	Business and finance staff moved to headquarters at Shi Mao Shin Du (世貿新都) in Linkou to expand the production scale of the Linkou Plant
	Received the 16th Annual Taiwan Golden Root Awards
	Received the 5th CSR Award
2020	Established the G2C+ Alliance
	The inner layer UV LED automated exposure machine and automated peeler received the 28th Taiwan Excellence Awards

Chapter 3. Corporate Governance Report

I. Organization:

(I) Organization Chart:



Shareholders' Meeting	Board of Directors (the "Board")	Audit Committee	Remuneration Committee	Sustainable Operation Committee	Audit Office
Chairman's Office	Chairman and CEO/ Morrison Liang	Vice Chairman and Deputy Executive Officer/ Liang, Mao-Chung	General Manager's Office	Occupational Safety Office	Quality Committee
Taipei Operating Center	Taichung Operating Center	C Sun Technology	GC Operating Center	GC Finance Department	Wat Sun. Intelligent
Top Creation Machines	Taipei Plant	Taipei R&D Department	Taipei Business Department	Kunshan Business Department	Dongmao Business Department
Dongguan Business Department	Taichung Plant	Taichung R&D Department	Taichung Business Department	Kunshan Plant	Guangzhou Plant

(II) Business of Primary Segments

Segment	Scope of Business
GC Operating Management Center	(1) Planning, review, and examination for the Company's business development. (2) Promotion and execution of systems and projects. (3) Meeting planning and coordination for work between segments and follow-up (4) Promotion and integration of the ERP system. (5) Planning and management of human resources and establishment and execution of management rules and regulations and systems. (6) Planning and execution for marketing, legal affairs, and administration.
GC Finance Department	Planning and execution of accounting, finance, and stock affairs, fundraising and procurement, and relevant operations.
PCB Business Department	Sales and marketing of equipment for the PCB industry, and development of markets and forward-looking products; primary products include PCB exposure machines, laminators, ovens, and relevant consumables.
FPD Business Department	Sales and marketing of equipment for the FPD industry, and development of forward-looking products; primary products include hot air, hot plate, and UV ovens, IR dryer, LCM aging test equipment, touch panel exposure machine, and laminator, aging baking oven, silver paste baking oven, high-temperature multilayer oven, and tunnel oven.
P&C Business Department	Electronic assembly, printing, and coating, sales and marketing of equipment for the sports shoe industry, and development of forward-looking products; primary products include UV LED and UV dryers, ovens, and equipment for printing and coating; development of new products.
SEMI Business Department	Sales and marketing of equipment for the semiconductor and electronics industry, and development of forward-looking products; primary products include wafer laminator, precision ovens, plasma equipment; with industrial customers spreading across IC, LED, MENS, and solar cells industries.
Quality Center	Horizontal integration and exchange for matters related to quality assurance.
Technology Center	Horizontal integration and exchange for matters related to technology management.
Operating Center	Horizontal integration and exchange for matters related to business.
Occupational Safety Office	Planning for examination and inspection of safety and health facilities, implementing labor's safety and health educational training, management for labor's health inspection, and prevention and report of occupational disaster.
Remuneration Committee	Establishment of and regular examination on policies, systems, standards, and structures of Directors and managers' performance evaluation and remuneration. Regular evaluation and establishment of remuneration for Directors and managers.

Audit Committee	Assisting Directors in supervising the Company’s executions related to quality and credibility of accounting audit, and financial reporting procedures.
Corporate Sustainability Committee	Responsible for promoting matters related to corporate social responsibility (CSR), ethical management, and corporate governance.
Decision-making Center	Integration of internal and external sectors, and planning for the operations of cooperating for co-creation.

II. Information on Directors, Supervisors, General Manager, Vice General Managers, Assistant Managers, Directors of Departments and Branches:

(I) Information on Directors and Supervisors:

27 March 2021 (book closure day)

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Office	Date Initially Elected	Shares Held When Elected (Note 2)		Current Number of Shares Held (Note 2)		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Chairman	Republic of China	Morrison Liang	Male	13 June 2019	3 years	18 April 1978	3,885,139	2.60%	3,885,139	2.60%	320,000	0.21%	None	–	Bachelor, Department of Chemical Engineering, National Taiwan University 7th Session of the Executives Program, Graduate School of Business Administration, National Chengchi University Vice chairman, TEEIA Vice chairman, TPCA Standing supervisor, TJCIT	CEO of the Company	Vice Chairman	Liang, Mao-Chung	Sibling	Notes 1 and 2
Vice Chairman	Republic of China	Liang, Mao-Chung	Male	13 June 2019	3 years	18 April 1978	2,362,567	1.58%	2,362,567	1.58%	1,082,385	0.73%	None	–	Chengyuan Junior High School Honorary president, Guangzhou Huadu Taiwan Association (廣州花都台商協會) Vice president, Guangdong Province Association for Promoting Exchanges Across the Taiwan Straits	Deputy Executive Officer of the Company Chairman, Csun Technology (Guangzhou) Co., Ltd.	Chairman	Morrison Liang	Sibling	Note 2
Director	Republic of China	Shen, Xian-He	Male	13 June 2019	3 years	13 June 2019	–	–	–	–	–	–	None	–	Bachelor, Department of Electronic Engineering, Chung Yuan Christian University Vice president, Vice president, Module, Resource and Material Center, AU Optronics Corporation United Microelectronics Corp. Manager of Department of Resource and Material/superintendent, United Microelectronics Corporation	Director/general manager, Chem Tec Corporation Co., Ltd. Independent director, Lextar Electronics Corporation Supervisor, Anpec Electronics Corporation Member of the remuneration committee, China Electric Mfg. Corporation	–	–	–	–

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Office	Date Initially Elected	Shares Held When Elected (Note 2)		Current Number of Shares Held (Note 2)		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Director	Republic of China	Chen, Zheng-Xing	Male	13 June 2019	3 years	13 June 2019	15,000	0.01%	15,000	0.01%	–	–	None	–	Master, Department of Mechanical Engineering Director of design, Chunghwa Picture Machinery Works Corporation (華映精機廠)	Director/general manager, Gallant Precision Machining Co., Ltd. Chairman, GPM (Suzhou) Co., Ltd. (均強機械(蘇州)有限公司) Chairman, Apex-I International Co., Ltd.	–	–	–	–
Independent Director	Republic of China	Lin, Ming-Jie	Male	13 June 2019	3 years	14 June 2016	31,706	0.02%	31,706	0.02%	–	–	None	–	Ph.D., Department of Business Administration, National Chengchi University Director, Joint Credit Information Center Supervisor, TPEx Professor, Department of Business Administration, National Central University	Member of the remuneration committee, Newmax Technology Co., Ltd. Director/Member of the remuneration committee, Chicony Electronics Co., Ltd. Independent director, G.M.I. Technology Inc.	–	–	–	–
Independent Director	Republic of China	Chu, Zhi-Yuan	Male	13 June 2019	3 years	14 June 2016	–	–	–	–	–	–	None	–	EMBA, Chung Yuan Christian University Senior vice president and chief finance officer, Delta Electronics Inc. Chief finance officer and chief accountant, Delta Electronics Inc.	Independent director, Delta Electronics Thailan Director, Digitial Projetion	–	–	–	–
Independent Director	Republic of China	Lin, Shu-Xian	Male	13 June 2019	3 years	13 June 2019	–	–	–	–	–	–	None	–	Department of Chemical Engineering, Tamkang University Director, Contrel Technology Co., Ltd. Director, Opus Microsystems Inc. Director, United Construction Development Co., Ltd. (陞聯建設開發(股)公司)	Corporate representative director, Contrel Technology Co., Ltd. Corporate representative supervisor, Echem Solutions Corporation Director, Darzhen Venture Corporation Director, Dayu Optoelectronics Co., Ltd.	–	–	–	–

※ Major shareholders of corporate shareholders: None.

Note 1: When the Chairman and the General Manager or equivalent positions (chief managerial officer) are held by the same person, spouse, or relatives within the first degree of kinship, the reason, relevant information on the reasonableness, necessity, and future improvement measures shall be explained (such as methods of increasing the number of seats for Independent Directors and the majority Directors not concurrently being employees or managers):

Positions of Chairman and General Manager of the Company are held by the same person to improve the operating efficiency and the decision-making execution. However, to reinforce the independence of the Board, the Company had been actively cultivating appropriate internal candidates; furthermore, the Chairman also closely and fully communicates with Directors from time to time regarding the Company's recent operations and prepares guidelines to realize corporate governance. Currently, the Company has the following specific measures in place:

1. Three current Independent Directors possess expertise in the industrial field and are capable of effectively exerting their supervisory functions.
2. The Company arranges Directors to participate in professional directorial programs provided by external institutions on a yearly basis to improve the operating results of the Board.
3. Independent Directors may carry out comprehensive discussions at meetings of functional committees and propose their viewpoints for the Board's reference to realize corporate governance.
4. The majority of Directors are not concurrently employees or managers.

Note 2: 4,000,000 shares and 6,000,000 shares held by Chairman Morrison Liang and Vice Chairman Liang, Mao-Chung, respectively, are trust shares that are "trust shares with discretion reserved."

Note 3: The re-election of the Company's Directors took place on 13 June 2019, the appointment of the newly elected Directors Morrison Liang Liang, Mao-Chung, Shen, Xian-He, Chen, Zheng-Xing, Lin, Ming-Jie, Chu, Zhi-Yuan Lin, Shu-Xian became effective on 13 June 2019.

(II) Expertise and Independence of Directors and Supervisors

31 March 2021

Condition / Name (Note 1)	At least five years of working experiences and meet the following professional qualifications: An instructor or higher position in a department of commerce, law, finance, accounting, or other departments related to the business requirements of the company in public or private universities and colleges	A judge, public prosecutor, attorney, CPA, or other professional or technical specialists who passed the national examination and had been awarded a certificate related to the business requirements of the company	Working experiences in the fields of commerce, law, finance, accounting, or otherwise related to the business requirements of the company	Independence attribute (Note 2): 1	2	3	4	5	6	7	8	9	10	11	12	Number of other publicly listed companies in which the Director concurrently holding the position as an independent director
Morrison Liang			✓					✓		✓		✓	✓	✓	✓	-
Liang, Mao-Chung			✓					✓		✓		✓	✓	✓	✓	-
Shen, Xian-He			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chen, Zheng-Xing			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Lin, Ming-Jie	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chu, Zhi-Yuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Lin, Shu-Xian			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note: Please check "✓" in the space under the code of the conditions when Directors and Supervisors meet the following conditions two years prior to their appointments and during the term of office.

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

(2) Not a Director or supervisor of the Company or its affiliates (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minors, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company, or that ranks among the top ten in shareholdings.

(4) Not a manager as specified in (1) nor a spouse or a direct blood relative within the second degree or third degree of kinship as specified in (2) and (3).

(5) Not a director, supervisor, or employee that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or a designated representative serving as a Director or supervisor of the Company under Paragraph 1 or 2 under Article 27 of the Company Act, or a director, supervisor, or employee of a corporate shareholder that ranks among the top five in shareholdings (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(6) Not a director, supervisor, or employee of another company with its majority of director seats or voting shares

controlled by the same individual (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

（7）Not a director, supervisor, or employee of another company or institution who is, or the person's spouse is, holding the position as the Chairman, President, or equivalent positions of the Company (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

（8）Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (except for particular companies or institutions holding more than 20% but less than 50 percent of the total number of issued shares of the Company, and Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

（9）Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, manager, or spouse thereof that provides auditing service for the Company or its affiliates, or provides relevant commercial, legal, financial, or accounting services with a cumulative remuneration less than NT$0.5 million in the latest two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer, or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

（10）Not a spouse or a relative within the second degree of kinship of any other Director.

（11）No circumstance under any of the subparagraph stated in Article 30 of the Company Act had occurred.

（12）No government,　corporate, or its representative under Article 27 of the Company Act is elected.

(III) Continuing Education of Directors and Supervisors

Title	Name	Date of Continuing Education		Organizing Party	Program Title	Number of Hours for Continuing Education
		From	to			
Director	Morrison Liang	27 November 2020	27 November 2020	TWSE	2020 Promotions of Corporate Governance and Ethical Corporate Management for Directors and Supervisors	3
		13 August 2020	13 August 2020	TPCA	Benchmark Forum – The Changed and Unchanged Worldwide in the Post-COVID-19 Era	1.5
		7 August 2020	7 August 2020	TWIoD	2020 TWIoD Annual Conference: The Strategic Turning Point for Taiwanese Enterprises under the Effect of the Significant Outbreak	3
Independent Director	Lin, Shu-Xian	24 September 2020	24 September 2020	Taiwan Corporate Governance Association	2020 Seminar for Laws Related to Beneficial Owners	3
Director	Shen, Xian-He	27 October 2020	27 October 2020	TWIoD	Opportunities and Challenges Faced by Enterprises under the Impacts of US-China Trade War	3
		29 July 2020	29 July 2020	TWIoD	Enterprise Transformation in A Revolutionary Era	3

Note: Refer to the number of hours for continuing education, the scope of continuing education, the system of continuing education, arrangement of continuing education, and information disclosures in compliance with requirements under the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.”

(IV) Information on General Manager, Vice General Managers, Assistant Managers, Directors of Departments and Branches

27 March 2021 (book closure day)

Title	Nationality	Name	Gender	Date Elected (of Assumption)	Shares Held (Note 1)		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background) (Note 2)	Current Positions in the Company and Other Companies	Managers Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
CEO and General Manager	Republic of China	Morris on Liang	Male	96.06.15	3,885,139	2.60%	320,000	0.21%	None	—	Bachelor, Department of Chemical Engineering, National Taiwan University 7th Session of the Executives Program, Graduate School of Business Administration, National Chengchi University	CEO of the Company Director, Csun Technology (Guangzhou) Co., Ltd. Vice chairman, TPCA Vice chairman, TEEIA	Deputy Executive Officer	Liang, Mao--Chung	Sibling	Note 4
Deputy Executive Officer	Republic of China	Liang, Mao--Chung	Male	96.06.15	2,362,567	1.58%	1,082,385	0.73%	None	—	Chengyuan Junior High School Honorary president, Guangzhou Huadu Taiwan Association	Chairman, Csun Technology (Guangzhou) Co., Ltd. Deputy Executive Officer of the Company	CEO	Morris on Liang	Sibling	
Senior Vice General Manager	Republic of China	Lai, Ching-Wen	Male	98.06.19	276,427	0.19%	24,171	0.02%	None	—	EMBA, National Taipei Institute of Technology Department of Heavy Machine Repairing, Nangang Vocational High School	Director, Csun Technology (Guangzhou) Co., Ltd. Chairman, Abcon Technology Inc.	None	None	None	
Senior Vice General Manager	Republic of China	Huang, Min-Nan	Male	98.06.19	—	—	—	—	None	—	Ph.D., Oita University, Japan	Director, Csun Technology (Guangzhou) Co., Ltd. Part-time professor, Department of Mechanical Engineering, Feng Chia University Member of the Package/Testing Committee, TSIA Director, Heat and Mass Transfer Society of Taiwan Director, TJCIT	None	None	None	Resigned in May 2020
Assistant Manager	Republic of China	Yuan, Kai-Chun	Male	107.10.05	16	0.00%	—	—	None	—	Department of Mechatronics Engineering, Changhua Normal University		None	None	None	
Assistant Manager	Republic of China	Wu, Yen-Cheng	Male	107.10.05	27	0.00%	—	—	None	—	Department of Industrial Engineering and Systems Management, Feng Chia University		None	None	None	

Note 1: 4,000,000 shares and 6,000,000 shares held by Chairman Morrison Liang and Vice Chairman Liang, Mao-Chung, respectively, are trust shares that are “trust shares with discretion reserved.”

Note 2: The disclosure shall include information on General Manager, Vice General Managers, assistant managers, directors of departments and branches, and positions equivalent to that of General Manager, Vice General Managers, or assistant managers, regardless of the title.

Note 3: For experiences related to the current positions, when any manager held positions in the CPA’s firm or its affiliates during the above period, the positions held, and responsible duties shall be described.

Note 4: Positions of General Manager of the Company are held by the same person to improve the operating efficiency and the decision-making execution. However, to reinforce the independence of the Board, the Company had been actively cultivating appropriate internal candidates; furthermore, the Chairman also closely and fully communicates with Directors from time to time regarding the Company’s recent operations and prepares guidelines to realize corporate governance. Currently, the Company has the following specific measures in place:

1. Three current Independent Directors possess expertise in the industrial field and are capable of effectively exerting their supervisory functions.
2. The Company arranges Directors to participate in professional directorial programs provided by external institutions on a yearly basis to improve the operating results of the Board.
3. Independent Directors may carry out comprehensive discussions at meetings of functional committees and propose their viewpoints for the Board’s reference to realize corporate governance.
4. The majority of Directors are not concurrently employees or managers.

(V) Remuneration Paid to Directors, Independent Directors, General Manager, and Vice General Manager

(1) Remuneration of Directors and Independent Directors (Disclose the Name and the Corresponding Remuneration Separately):

Unit: NT$ thousands

Title	Name	Remuneration of Directors								Ratio of the sum of items A, B, C, and D to net profit after tax (%)		Relevant remuneration received by Directors who are also employees								Ratio of the sum of items A, B, C, D, E, F, and G to net profit after tax (%) (Note 10)		Receive remuneration from investee companies other than subsidiaries or from the parent company (Note 11)
		Compensation (A) (Note 2)		Severance pay and retirement pension (B)		Remuneration of Directors (C) (Note 3)		Allowances for Business Execution (D) (Note 4)				Salaries, bonus, and allowance (E) (Note 5)		Remuneration of Directors (F)		Remuneration of Employees (G) (Note 6)						
																The Company		All companies in the financial report (Note 7)				
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	Amount in cash	Amount in shares	Amount in cash	Amount in shares	The Company	All companies in the financial report	
Chairman	Morrison Liang	-	-	-	-	1,716	1,716	-	-	0.39%	0.39%	6,418	6,418	92	92	197	-	197	-	1.92	1.92	
Vice Chairman	Liang, Mao-Chung	-	-	-	-	1,717	1,717	-	-	0.39%	0.39%	6,487	8,090	89	89	204	-	204	-	1.94	2.30	
Director	Shen, Xian-He	-	-	-	-	1,717	1,717	50	50	0.40%	0.40%	-	-	-	-	-	-	-	-	0.40	0.40	
Director	Chen, Zheng-Xing	-	-	-	-	1,717	1,717	50	50	0.40%	0.40%	-	-	-	-	-	-	-	-	0.40	0.40	
Independent Director	Chu, zhi-Yuan	-	-	-	-	1,717	1,717	50	50	0.40%	0.40%	-	-	-	-	-	-	-	-	0.40	0.40	
Independent Director	Lin, Ming-Jie	-	-	-	-	1,717	1,717	50	50	0.40%	0.40%	-	-	-	-	-	-	-	-	0.40	0.40	
Independent Director	Lin, Shu-Xian	-	-	-	-	1,717	1,717	50	50	0.40%	0.40%	-	-	-	-	-	-	-	-	0.40	0.40	

1. Please explain the payment policies, systems, standards, and structures for remuneration of Independent Directors and explain the connection between factors (such as duties, risks, and time invested) and the amount of remuneration paid: None.
2. Except for the disclosures made in the above table, remuneration received by Directors for providing services (such as being a non-employee consultant) to all companies in the financial report for the Latest year: None.

Note 1: Name of the Directors shall be set out separately (title of the corporate shareholder and the name of the representative shall be set out separately for a corporate shareholder), and general Directors and Independent Directors shall be set out separately to disclose the amount of different payment in aggregate.

Note 2: Refer to the compensation of Directors (including salaries, duty allowance, severance pay, bonuses, and incentives) for the Latest year.

Note 3: Refer to the amount of Director's remuneration distributed after being passed by the Board for the Latest year.

Note 4: Refer to relevant business execution expenses of Directors (including traffic allowance, special allowance, subsidies, dormitory, vehicle, and other benefits-in-kind) for the Latest year. For the provision of houses, vehicles, and other transportation or exclusive personal expenses, nature, costs, and rental imputed using the actual or fair market price of assets provided, oil expenses, and other payment shall be disclosed. For personal driver provided, please provide explanations on relevant compensation paid by the Company to the drive; however, such compensation is not included in the remuneration.

Note 5: Refer to salaries, duty allowance, severance pay, bonuses, incentives, traffic allowance, special allowance, subsidies, dormitory, vehicle, and other benefits in kind received by Directors who are also employees (including concurrently holding the position as General Manager, Vice General Manager, other managers, and employees) for the Latest year. For the provision of houses, vehicles, and other transportation or exclusive personal expenses, nature, costs, and rental imputed using the actual or fair market price of assets provided, oil expenses, and other payment shall be disclosed. For personal driver provided, please provide explanations on relevant compensation paid by the Company to the drive; however, such compensation is not included in the remuneration. Furthermore, salary expenses recognized according to IFRS 2 “Share-based Payment” (including employee stock options, restricted stock awards, and participation in share subscription for the capital increase by cash) shall be included in the remuneration.

Note 6: Refer to remuneration of employees received by Directors who are also employees (including concurrently holding the position as General Manager, Vice General Manager, other managers, and employees) for the Latest year; the amount of employees’ remuneration distributed after being passed by the Board for the Latest year shall be disclosed; where it is unable to make such estimations, calculated the amount to be distributed for the year based on the ratio of the actual distribution amount in the preceding year, and otherwise complete Schedule 1-3.

Note 7: The total remuneration paid to the Company’s Directors by all companies in the consolidated report (including the Company) shall be disclosed.

Note 8: Regarding the total remuneration paid to the Directors by the Company, the names of Directors are disclosed in the corresponding range of their remuneration.

Note 9: The total remuneration paid to the Company’s Directors by all companies in the consolidated report (including the Company) shall be disclosed, and the names of Directors shall be disclosed in the corresponding range of their remuneration.

Note 10: Net profit after tax refers to the net profit after tax in the individual or standalone financial report for the Latest Year.

Note 11:

a. The column shall explicitly set out the relevant remuneration amount received by the Company’s Directors from investee companies other than subsidiaries or the parent company (please fill in “None” when there is no such amount).

b. For relevant remuneration received by the Company’s Directors from investee companies other than subsidiaries or the parent company, the remuneration received by the Company’s Directors from investee companies other than subsidiaries or the parent company shall be included in column I in the table of remuneration range, and the title of the column shall be altered as “Parent company and all investee companies.”

c. The remuneration refers to relevant remuneration such as compensation, remuneration (including remuneration of employees, Directors, and supervisors), and business execution expenses received by the Company’s Directors due to being directors, supervisors, or managers of investee companies other than subsidiaries or the parent company.

＊The content of remuneration disclosed in the table shares different concepts of income with the Income Tax Act; therefore, the purpose of the table is for information disclosure, instead of taxation.

(2)Remuneration of General Manager and Vice General Managers (Disclose the Name and the Corresponding Remuneration Separately):

Unit: NT$ thousands

Title	Name	Salaries (A) (Note 2)		Severance pay and retirement pension (B)		Bonuses and allowance (C) (Note 3)		Remuneration of Employees (D) (Note 4)				Ratio of the sum of items A, B, C, and D to net profit after tax (%) (Note 8)		Receive remuneration from investee companies other than subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
CEO and General Manager	Morrison Liang	2,515	2,515	92	92	3,903	3,903	197	0	197	0	1.53	1.53	-
Deputy Executive Officer	Liang, Mao--Chung	2,443	4,046	89	89	4,044	4,044	204	0	204	0	1.55	1.91	-
Senior Vice General Manager	Lai, Ching-Wen	2041	2041	108	108	2,000	2,000	101	0	101	0	0.97	0.97	-
Senior Vice General Manager	Huang, Min-Nan	644	644	36	36	571	571	29	0	29	0	0.29	0.29	-

＊Regardless of the title, positions equivalent to General Managers and Vice General Managers (such as president, CEO, and COO) shall be disclosed.

＊Senior Vice General Manager Huang, Min-Nan resigned in May 2020.

Note 1: Name of the General Manager and Vice General Managers shall be set out separately to disclose the amount of different payments in aggregate.

Note 2: Refer to the salaries, duty allowance, and severance pay of the General Manager and Vice General Managers for the Latest year.

Note 3: Refer to bonuses, incentives, traffic allowance, special allowance, subsidies, dormitory, vehicle, and other benefits in kind received by General Manager and Vice General Managers for the Latest year. For the provision of houses, vehicles, and other transportation or exclusive personal expenses, nature, costs, and rental imputed using the actual or fair market price of assets provided, oil expenses, and other payment shall be disclosed. For personal driver provided, please provide explanations on relevant compensation paid by the Company to the drive; however, such compensation is not included in the remuneration. Furthermore, salary expenses recognized according to IFRS 2 “Share-based Payment” (including employee stock options, restricted stock awards, and participation in share subscription for the capital increase by cash) shall be included in the remuneration.

Note 4: Refer to the amount of employees’ remuneration (including shares and cash) of General Manager and Vice General Managers distributed after being passed by the Board for the Latest year.

Note 5: The total remuneration paid to the Company’s General Manager and Vice General Managers by all companies in the consolidated report (including the Company) shall be disclosed.

Note 6: Regarding the total remuneration paid to the General Manager and Vice General Managers by the Company, the names of General Manager and Vice General Managers are disclosed in the corresponding range of their remuneration.

Note 7: The total remuneration paid to the Company’s General Manager and Vice General Managers by all companies in the consolidated report (including the Company) shall be disclosed, and the names of General Manager and Vice General Managers shall be disclosed in the corresponding range of their remuneration.

Note 8: Net profit after tax refers to the net profit after tax in the individual or standalone financial report for the Latest Year.

Note 9:

a. The column shall explicitly set out the relevant remuneration amount received by the Company’s General Manager and Vice General Managers from investee companies other than subsidiaries or the parent company (please fill in “None” when there is no such amount).

b. For relevant remuneration received by the Company’s General Manager and Vice General Managers from investee companies other than subsidiaries or the parent company, the remuneration received by the Company’s General Manager and Vice General Managers from investee companies other than subsidiaries or the parent company shall be included in column I in the table of remuneration range, and the title of the column shall be altered as “Parent company and all investee companies.”

c. The remuneration refers to relevant remuneration such as compensation, remuneration (including remuneration of employees, Directors, and supervisors), and business execution expenses received by the Company’s General Manager and Vice General Managers due to being directors, supervisors, or managers of investee companies other than subsidiaries or the parent company.

＊ The content of remuneration disclosed in the table shares different concepts of income with the Income Tax Act; therefore, the purpose of the table is for information disclosure, instead of taxation.

(3) Remuneration of Chief Executives with Top Five Highest Remuneration of the Listed Company (Disclose the Name and the Corresponding Remuneration Separately) (Note 1) :

Title	Name	Salaries (A) (Note 2)		Severance pay and retirement pension (B)		Bonuses and allowance (C) (Note 3)		Remuneration of Employees (D) (Note 4)				Ratio of the sum of items A, B, C, and D to net profit after tax (%) (Note 6)		Receive remuneration from investee companies other than subsidiaries or from the parent company (Note 7)
		The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
Deputy Executive Officer	Liang, Mao--Chung	2,443	4,046	89	89	4,044	4,044	204	0	204	0	1.55	1.91	-
CEO and General Manager	Morrison Liang	2,515	2,515	92	92	3,903	3,903	197	0	197	0	1.53	1.53	-
Assistant Manager	Wang, Jian-Hong	1,299	1,299	77	77	3,305	3,305	167	0	167	0	1.10	1.10	-
Senior Vice General Manager	Lai, Ching-Wen	2041	2041	108	108	2,000	2,000	101	0	101	0	0.97	0.97	-
Assistant Manager	Wu, Yen-Cheng	1,341	1,341	91	91	1,466	1,466	74	0	74	0	0.68	0.68	-

Note 1: For the mentioned “chief executives with top five highest remunerations,” the executives refer to the Company’s managers; the recognition standards for managers shall be subject to the applicable scope of “managers” stated in the Letter Tai-cai-zheng-san-zinc No. 0920001301 issued by the former Securities and Futures Bureau, Ministry of Finance, on 27 March 2003. The calculation and recognition principles for the “top five highest remunerations” are based on the aggregate amount of salaries, severance pay and retirement pension, bonuses, and allowance received by the Company’s managers in the consolidated financial report (i.e., the sum of items A+B+C+D) and the top five highest remunerations shall be recognized after sequencing. For Directors who are also the executives above, the table and the previous table (1-1) shall be completed.

Note 2: Refer to the salaries, duty allowance, and severance pay of the chief executives with the top five highest remunerations for the Latest year.

Note 3: Refer to bonuses, incentives, traffic allowance, special allowance, subsidies, dormitory, vehicle, and other benefits in kind received by chief executives with top five highest remunerations for the Latest year. For the provision of houses, vehicles, and other transportation or exclusive personal expenses, nature, costs, and rental imputed using the actual or fair market price of assets provided, oil expenses, and other payment shall be disclosed. For personal driver provided, please provide explanations on relevant compensation paid by the Company to the drive; however, such compensation is not included in the remuneration. Furthermore, salary expenses recognized according to IFRS 2 “Share-based Payment” (including employee stock options, restricted stock awards, and participation in share subscription for the capital increase by cash) shall be included in the remuneration.

Note 4: Refer to the amount of employees’ remuneration (including shares and cash) of chief executives with top five highest remunerations distributed after being passed by the Board for the Latest year; where it is unable to make such estimations, calculated the amount to be distributed for the year based on the ratio of the actual distribution amount in the preceding year, and otherwise complete Schedule 1-3.

Note 5: The total remuneration paid to the Company’s chief executives with the top five highest remunerations by all companies in the consolidated report (including the Company) shall be disclosed.

Note 6: Net profit after tax refers to the net profit after tax in the individual or standalone financial report for the Latest Year.

Note 7:

a. The column shall explicitly set out the relevant remuneration amount received by the Company’s chief executives with the top five highest remunerations from investee companies other than subsidiaries or the parent company (please fill in “None” when there is no such amount).

b. c.The remuneration refers to relevant remuneration such as compensation, remuneration (including remuneration of employees, Directors, and supervisors), and business execution expenses received by the Company’s chief executives with top five highest remuneration due to being directors, supervisors, or managers of investee companies other than subsidiaries or the parent company.

＊The content of remuneration disclosed in the table shares different concepts of income with the Income Tax Act; therefore, the purpose of the table is for information disclosure, instead of taxation.

(4) Names of the Manager for the Distribution of Employee's Bonuses and the Distribution:

Unit: NT$ thousands

Title (Note 1)		Name (Note 1)	Amount of share dividends	Amount of cash dividends	Total	Ratio of the sum to the net profit after tax (%)
Manager	CEO and General Manager	Morrison Liang	—	3,188	3,188	0.73%
	Deputy Executive Officer	Liang, Mao-Chung				
	Senior Vice General Manager	Lai, Ching-Wen				
	Senior Vice General Manager	Huang, Min-Nan				
	Assistant Manager	Wang, Jian-Hong				
	Assistant Manager	Wu, Yen-Cheng				
	Assistant Manager	Yuan, Kai-Chun				
	Chief of Finance	Zhang, Qiong-Yao				
	Chief Accountant	Lai, Chiu-Yen				

Note 1: Name and titles shall be set out separately to disclose the profit distribution in aggregate.

Note 2: Refer to the amount of employees' remuneration (including shares and cash) of managers distributed after being passed by the Board for the Latest year; where it is unable to make such estimations, calculated the amount to be distributed for the year based on the ratio of the actual distribution amount in the preceding year. Net profit after tax refers to the net profit after tax for the Latest Year; for those who had adopted IFRSs, net profit after tax refers to the net profit after tax in the individual or standalone financial report for the Latest Year.

Note 3: Applicable scope of managers: According to the requirements under the Letter Tai-cai-zheng-san-zi No. 0920001301 issued by the former Securities and Futures Bureau on 27 March 2003, the scope is as follows:

(1) Those equivalent to General Manager
(2) Those equivalent to Vice General Managers
(3) Those equivalent to assistant managers
(4) Chief of Finance
(5) Chief Accountant
(6) Other persons with rights to sign for management affairs of the Company

(VI) Compare and Explain the Analysis on the Ratio of the Remuneration Paid to the Company's Directors, Supervisors, General Manager, and Vice General Managers by the Company and All Companies in the Consolidated Statements, Respectively, and Explain the Policies, Standards, and Packages for Remuneration Payment, Procedures for Determining the Remunerations, and the Connection with Operating Performance

Remuneration of the Company's Directors, General Manager, and Vice General Managers are solely paid by the Company. Remuneration of Directors and supervisors include traffic allowance, Directors' remuneration from earning distribution, Remuneration of the Chairman and the Vice Chairman concurrently holding the positions as Deputy Executive Officer, and the general manager of the subsidiary in China, and employee bonuses. For traffic allowance, the Company refers to the standards within the industry and pays based on the status of Directors attending the meetings of the Board. Remuneration of General Manager and Vice General Managers includes salaries, bonuses, remuneration of employees, and employee stock options. The Company determines the remuneration based on the positions they held, the scope of business execution, and responsibilities assumed, with reference to the standards for the equivalent positions within the industry.

Remuneration of employees and remuneration of Directors and supervisors from earning distribution is subject to the requirements under the Company's Articles of Association: When the Company recorded profits for the year, the Company shall appropriate 1% to 9% of such profits as the remuneration of employees, and the distribution in shares or cash shall be determined by the Board; the distribution targets include employees of subsidiaries that fulfill certain conditions. The Board may determine to appropriate no more than 2.25% of the amount of the above profits of the Company as the remuneration of Directors and supervisors.

III. Operations of Corporate Governance:

(I) Operations of the Board of Directors:

(1) Six meetings had been held for the Board for the Latest year, and the attendance (presence) of Directors and Independent Directors is as follows:

Title	Name	Number of actual attendance (presence) (B)	Number of attendance by proxy	Actual attendance (presence) rate 【B/A】	Remark
Chairman	Morrison Liang	6	0	100%	—
Vice Chairman	Liang, Mao-Chung	6	0	100%	—
Director	Shen, Xian-He	6	0	100%	—
Director	Chen, Zheng-Xing	6	0	100%	—
Independent Director	Ling, Ming-Jie	6	0	100%	—
Independent Director	Chu, Zhi-Yuan	6	0	100%	—
Independent Director	Lin, Shu-Xian	6	0	100%	—

Other Matters to be Disclosed:

I. Where any of the following circumstances occurred in the operations of the Board, the Company shall set out the date of the Board meeting, the session, the content of the resolution, opinions of all Independent Directors, and measures adopted by the Company for the opinions of the Independent Directors:

(I) Matters set out in Article 14-3 of the Securities Exchange Act: The Company has established its Audit Committee, requirements under Article 14-3 of the Securities Exchange Act is not applicable. For explanations on matters set out in Article 14-5 of the Securities Exchange Act, please see "Operations of the Audit Committee" on page 21 of the Annual Report.

(II) Except for the above matter, other resolutions at the meeting of the Board where Independent Directors expressed opposing or qualified opinions with records or written declarations: None.

II. The execution of the Director's recusal from resolutions in which they have interests:

Name	Content of the resolution	Reason for the recusal due to interests	Participation in voting
Morrison Liang and Liang, Mao-Chung	Proposal of Directors' remuneration	Directors have personal interests	Recused from voting

III. Objectives for strengthening the functions of the Board (such as the establishment of the Audit Committee and improvement of information transparency) during the current year and the latest year and the execution evaluation:

(1) Establish the discussion methods for proposals related to strategic operations.

(2) The Company is committed to improving information transparency; relevant information is published on the Market Observation Post System (MOPS) to safeguard shareholders' interests.

Title	Name	Number of actual attendance (presence) (B)	Number of attendance by proxy	Actual attendance (presence) rate 【B/A】	Remark
(3) The Company has established its Remuneration Committee, responsible for assisting the Board in regular evaluation and examine the policies, systems, standards, and structures of performance evaluation and remuneration of Directors and managers. (4) The company established its Corporate Sustainability Committee in December 2017, responsible for promoting matters related to corporate social responsibility (CSR), ethical management, and corporate governance and reporting to the Board regarding the execution.					

Note 1: For corporate Directors and supervisors, the name of the corporate shareholders and the name of their representatives shall be disclosed.

Note 2: (1) For any Director or supervisor dismissed before the end of the year, the date of separation shall be specified in the remarks column, and the actual attendance (presence) rate (%) shall be calculated based on the number of Board meetings held and the number of its actual attendance during its term of office.

(2) For any re-election of Directors or supervisors before the end of the year, set out the new and former Directors and supervisors and specify the former, new, or re-elected Directors and supervisors, and the date of re-election in the remarks column.

(2) Execution of Board Evaluation:

Cycle of evaluation (Note 1)	**Period of evaluation** (Note 2)	**Scope of evaluation** (Note 3)	**Method of evaluation** (Note 4)	**Content of evaluation** (Note 5)
Execute once a year	1 January 2020 to 31 December 2020	Board	Internal self-evaluation of the Board	1. Level of participation in corporate operations 2.Improving the quality of the Board's decision-making 3.Composition and structure of the Board 4. Composition and structures of the Board 5. Election and continuing education of Directors 6. Internal control

C Sun 2020 Board Performance Evaluation Table

Audit items	Average score 5: very satisfied; 4: satisfied; 3: complying with requirements; 2: not satisfied; 1: very not satisfied
1. The operating efficiency of Board discussions	4.95
2. Internal relationship management and communication	5.00
3. Members composition and abilities	5.00
4. Self-evaluation of Directors	4.99
Total average score	**4.99**
The results of the Board performance evaluation (healthy operation, aspects/items to be improved, and improvement plan or action for the abovementioned items): 1.For aspects of operating efficiency of the Board, internal relationship management and communication, members composition and abilities, and self-evaluation of Directors, the evaluation result falls between satisfied and very satisfied.	

2.For the operations of the Board in 2021, the items for the performance scoring will remain the same as the operating methods for the preceding year.

Explanation:

1.There are 20 items on the self-evaluation questionnaire of the Board; regarding the scoring results, “very satisfied” and “satisfied” were recorded for 15 items and 5 items, respectively.

2. Audit items with “satisfied” as its result are as follows:

(1)1.1 The meeting frequency was appropriate. (1 person)

(2)1.2 The time length of the meeting was appropriate. (1 person)

(3)1.3 Meeting data provided was sufficient and complete. (1 person)

(4)1.8 Follow-up shall be carried out after the resolutions made at the meetings being properly executed. (1 person)

(5)4.7 I have taken diverse continuing education programs to improve the professional knowledge. (1 person)

Note 1: Refer to the cycle of execution for the Board evaluation, such as execute once a year.
Note 2: Refer to the period involved for the Board evaluation, such as the evaluation on the performance of the Board from 1 January 2020 to 31 December 2020.
Note 3: The scope of evaluation includes performance evaluation on the Board, individual Directors, and functional committees.
Note 4: The method of evaluation includes the performance evaluation conducted by using the internal self-evaluation of the Board, the self-evaluation of Directors, peer evaluation, engaging external professional institutions or experts, or other appropriate methods.
Note 5: The content of evaluation shall at least include the following items:
(1) Performance evaluation on the Board: At least include the level of participation in corporate operations, the quality of the Board's decision-making, Composition and structure of the Board, election and continuing education of Directors, and internal control.
(2) Performance evaluation on individual Directors: At last include understanding of the Company's goals and tasks, understanding of the duties of Director, the level of participation in corporate operations, internal relationship management and communication, professional and continuing education of Directors, and internal control.
(3) Performance evaluation on functional committees: The level of participation in corporate operations, the understanding of the duties and functions of the functional committee, quality of the functional committee's decision-making, the composition of the functional committee and election of committee members, and internal control.

(II) Information on the Operations of the Audit Committee or Supervisors’ Participation in the Meetings of the Board of Directors:

(1) The Company established its Audit Committee on 13 June 2019; five meetings were held for the Audit Committee in 2020; the attendance (presence) of Independent Directors is as follows:

Title	Name	Number of actual attendance (presence) (B)	Number of attendance by proxy	Actual attendance (presence) rate (B/A) (Note)	Remark
Independent Director	Ling, Ming-Jie	5	0	100%	-
Independent Director	Chu, Zhi-Yuan	5	0	100%	-
Independent	Lin, Shu-Xian	5	0	100%	-

Director					

Five meetings were convened in 2020:

Date of meeting	Chu, Zhi-Yuan	Ling, Ming-Jie	Lin, Shu-Xian
27 February 2020	V	V	V
30 April 2020	V	V	V
13 August 2020	V	V	V
5 November 2020	V	V	V
24 December 2020	V	V	V

Date	Title of the meeting	Content
27 February 2020	3rd meeting of the 1st Audit Committee	1. The proposal of the Company's 2019 accounting statements and books was submitted for discussion. (1) Business report Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution. (2) 2019 financial report Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution. (3) The proposal of the Company's 2019 earnings distribution was submitted for review. Resolution: Passed by all attending members after discussion; submitted to the Board for resolution. 2. The proposal of the Company's 2019 audit and statement of the internal control system was submitted for discussion. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution. 3. The proposal of the amendments to the "Articles of Association" was submitted for discussion. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution.
30 April 2020	4th meeting of the 1st Audit Committee	1. The proposal of the Company's 2020 Q1 financial report was submitted for discussion. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution.
13 August 2020	5th meeting of the 1st Audit Committee	1. The proposal of the Company's 2020 Q2 consolidated financial statements and communication matters between the CPAs and the governance department of the Company was submitted for discussion. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution.
5 November 2020	6th meeting of the 1st Audit Committee	1. It was intended to pass the 2020 Q2 consolidated financial statements and communication matters between the CPAs and the governance department of the Company. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution. 2. Established the financial and management control operations of "Management for the Preparation Procedures of Financial Statements" and established the "Regulations for the Management for the Preparation

		Procedures of Financial Statements." Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution.
24 December 2020	7th meeting of the 1st Audit Committee	1. Intended to submit the 2021 audit plan for ratification. Resolution: No objection and passed the resolution as proposed after the chairperson had inquired all attending members.
4 March 2021	8th meeting of the 1st Audit Committee	1. Intended to submit the Company's 2020 Consolidated and individual financial report for discussion. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution. 2. The proposal of the Company's 2020 audit and statement of the internal control system was submitted for discussion. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution. 3. The proposal of the amendments to the "Regulations for Endorsements and Guarantees" for discussion. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution. 4. The proposal of the amendments to the "Procedures for Endorsements and Guarantees" for discussion. The proposal of the amendments to the "Regulations for Endorsements and Guarantees" for discussion. 5. The proposal of the amendments to the "Procedures for Engaging in Derivative Transactions" for discussion. Resolution: All attending members had agreed to pass the resolution as proposed to; submitted to the Board for resolution

Other Matters to be Disclosed:

I. Where any of the following circumstances occurred in the operations of the Audit Committee, the Company shall set out the date of the Audit Committee meeting, the session, the content of the resolution, resolution results of the Audit Committee, and measures adopted by the Company for the opinions of the Audit Committee:

(I) Matters set out in Article 14-5 of the Securities Exchange Act.

(II) Except for the above matter, other resolutions not passed by the Audit Committee but received consent from two-thirds of all Directors.

II. For the execution of Independent Director's recusal from resolutions in which they have interests, the name of the Independent Directors, the content of the resolution, the reason for the recusal due to interests, and the participation in voting shall be set out: None.

III. Communication between Independent Directors and Chief Internal Auditor and CPAs (the content shall include significant matters, methods, and results communicated regarding the Company's finance and business conditions):

Date	Matter of communication	Recommendations and correction
3rd meeting of the 1st Audit Committee on 27 February 2020	1. 2019 internal audit execution report. 2. 2019 statement of internal control.	None
4th meeting of the 1st Audit Committee on 30 April 2020	1. 2020 Q1 internal audit execution report.	None
5th meeting of the 1st Audit Committee on 13 August 2020	1. 2020 Q2 internal audit execution report.	None
6th meeting of the 1st Audit Committee on 5 November 2020	1. 2020 Q3 internal audit execution report.	None
7th meeting of the 1st Audit Committee on 24 December 2020	1. Internal audit execution report. 2. 2021 annual audit plan.	None

Note:

∗ For any Independent Director dismissed before the end of the year, the date of separation shall be specified in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the number of its actual attendance during its term of office.

∗ For any re-election of Independent Directors before the end of the year, set out the new and former Independent Directors and specify the former, new, or re-elected Independent Directors, and the date of re-election in the remarks column. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the number of its actual attendance during its term of office.

(III) Operations of Corporate Governance and Its Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Its Causes:

<table>
<tr><th rowspan="2" colspan="2">Evaluation item</th><th colspan="3">Operation (Note)</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="2">I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?</td><td>V</td><td></td><td>The Company has established its Corporate Governance Best Practice Principles and disclosed it on the Company’s website: https://www.csun.com.tw/investor-relations/corporate-governance</td><td>No deviation</td></tr>
<tr><td rowspan="2">II. Equity structure and shareholders' interests of the company</td><td>(I) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations and implemented such processing based on the procedure?</td><td>V</td><td></td><td>The Company has established its “Corporate Governance Best Practice Principles” and established a spokesman system according to the requirements; the stock affair department and the stock affair agency are responsible for the handling of relevant matters; the Company also discloses the contact window on the Company’s website.</td><td rowspan="2">No deviation</td></tr>
<tr><td>(II) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?</td><td>V</td><td></td><td>The Company announces the shareholdings of internal parties each month and keeps abreast of the changes at all times to be aware of major shareholders who have actual control over the Company and the ultimate controllers of major shareholders.</td></tr>
</table>

Evaluation item		Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes
		Yes	No	Summary	
	(III) Has the Company established and executed the risk control and firewall system with its affiliates?	V		The Company has established its internal control regulations such as the "Procedures for Transactions with Related Parties" and "Regulations for Monitoring the Operations and Management of Subsidiaries" and established a risk control and firewall system with its affiliates; the audit department will carry out an audit on the execution each year.	
	(IV)Has the Company established its internal regulations to forbid internal parties to use undisclosed information in trading securities?	V		The Company has established its "Procedures for Processing Significant Information" to forbid internal parties of the Company to use undisclosed information in trading securities; the Procedures are available at the Company's corporate website; the Company organized promotional programs according to the requirements each year.	
III. Composition and responsibilities of the Board	(I) Has the Board developed and implemented a diversification policy for its composition?	V		The Company has established its "Corporate Governance Best Practice Principles," and Directors possess the knowledge, skills, and attributes required for the execution of their duties; there are three Independent Directors in place, and the Independent Directors possess	No deviation

Evaluation item		Operation (Note) Yes	No	Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes
				expertise from different industrial backgrounds, so as to fully realize the diversification of the Board.	
	(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee established according to the law?	V		Except for establishing the Remuneration Committee according to the law, the Company has established its Corporate Sustainability Committee comprised of its operating team; the execution status and results are available at the Company's corporate website.	
	(III) Has the Company established the regulations for the performance evaluation of the board of directors and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors.	V		The Company has established its Regulations for the Performance Evaluation and Remuneration Payment of the Board of Directors to regularly carry out the performance evaluation on the Board each year. After the end of each year, the Company carries out the performance evaluation by way of self-evaluation using questionnaires in terms of aspects of the Company's target, Directors' duties and responsibilities, and continuing education. The evaluation process ends after the end of the year of evaluation and before the upcoming meeting of the Board. The scoring results are reported to the Board to improve the	

Evaluation item		Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes
		Yes	No	Summary	
				operating function of the Board. The Regulations for the Performance Evaluation of the Board of Directors and the results are disclosed on the Company's website and reported to the Board on 4 March 2021.	
	(IV) Has the Company regularly evaluated the independence of CPAs?	V		The independence and competency evaluation table of CPAs for 2020 was submitted to and passed by the Board on 24 December 2020.	
IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance who are appropriate for such positions and designated a Chief of Corporate Governance to be responsible for affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to Directors and supervisors, assisting Directors and supervisors in legal compliance, handling matters related to meetings of the Board and shareholders' meeting according to the law, and preparing meeting minutes for meetings of the Board and shareholders' meeting)?		V		The Corporate Sustainability Committee of the Company is responsible for promoting matters related to corporate governance, and the Chief of Finance is responsible for supervising matters related to corporate governance. The Corporate Sustainability Committee of the Company is responsible for handling matters related to meetings of the Board and shareholders' meeting according to the law, preparing meeting minutes for meetings of the Board and shareholders' meeting, carrying out company	No deviation

Evaluation item		Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes
		Yes	No	Summary	
				registration and alteration registration, and arranging continuing education programs for Directors.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and duly responded to significant issues of corporate social responsibility concerned by stakeholders.		V		The Company has established a spokesman system, maintained smooth communication channels with stakeholders, and disclosed contact information of relevant operating personnel, and set out a stakeholder section on the Company’s website to duly respond to relevant issues (including CSR) concerned by stakeholders.	No deviation
VI. Has the Company appointed a professional stock affair agency to process affairs related to shareholders' meetings?		V		The Company has appointed its professional stock affair agency, Shareholder Services Department of President Securities Corporation, to process matters related to shareholders’ meetings and stock affairs.	No deviation
VII. Open information	(I) Has the Company established its website to disclose information on its financial operations and corporate governance?	V		The Company has disclosed information related to financial operations and corporate governance on its website (https://www.csun.com.tw/investor-relations).	No deviation

Evaluation item		Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes
		Yes	No	Summary	
	(II) Has the company adopted other methods for information disclosure (such as building an English website, appointing dedicated personnel to be responsible for the information collection and disclosure, implementing a spokesman system, and uploading the course of investor conferences on the Company's website)?	V		The Company has regularly and unscheduledly declare its financial and business information on MOPS and disclosed the latest news on its products and business on the Company's website (www.csun.com.tw).	
	(III) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?	V		The Company published and declared its annual financial report within three months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline.	
VIII, Is there any other significant information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employees' interests, care for employees, investor relations, supplier relations, rights of stakeholders, Directors and supervisors' continuing education records, the execution of risk management policies and risk evaluation standards, the execution of customer policies, and the purchase of responsibility insurance for Directors and supervisors)?		V		Employees’ interests and care for employees The Company has established its Employee Benefits Committee to promote various subsidy activities, ensuring employees’ interests. Investor relations The dedicated department of the	No deviation

Evaluation item	Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes
	Yes	No	Summary	
			Company is responsible for publishing and disclosing information related to finance and business on MOPS and the Company's website, in the hope of achieving open information and transparency. Supplier relations The Company has established its "Procedures for the Management of Suppliers" to review the business conducts between suppliers and the Company, so as to avoid harming the reputation and interest of both parties. When necessary, both parties would sign a "non-disclosure agreement" (NDA) after completing the review on the supplier and before the commencement of the cooperation to protect the rights and obligations of both parties. Rights of stakeholders The Company has established a stakeholder section to provide a communication channel for protecting the legal interests of both parties. Execution of policies on risk management and the risk measuring standards. The Company established internal rules and regulations according to the laws and	

Evaluation item	Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes
	Yes	No	Summary	
			performed risk management and evaluations. Execution of customer policies The Company generally maintains close contact with customers. It has set up a professional customer service team and comprehensive after-sales service system to provide comprehensive premium services, in the hope of assisting customers in improving their competitiveness and creating higher added values. Purchase of responsibility insurance for Directors and supervisors The Company had purchased the directors and supervisors' responsibility insurance for all Directors to reduce and spread the risk of significant harm to the Company and shareholders due to errors or mistakes made by Directors; the Company has published the status of the purchase of insurance policy on MOPS.	

IX. According to the results of the Corporate Governance Evaluation by the Corporate Governance Center of TWSE for the Latest Year, explain the improvements, and propose the matters to be improved first and measures regarding any conditions not improved:

Adhering to the concept of sustainable operations, the Company aims to realize sustainable corporate operations, establish long-term partnerships with customers and social communities, and fulfill its responsibilities as a corporate citizen; the Company established its Corporate Sustainability Committee in 2017, responsible for promoting matter related to CSR and ethical management and reporting to the Board regarding the execution and results each year.

Evaluation item	Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Its Causes
	Yes	No	Summary	

➢ Matters improved:

1.Continual optimization of the new official website: The Company optimized the user interface, provided abundant and public corporate data that caters to the demand of users, and provided instant and direct contact windows for consultation.

2. The Company has set up the CSR section to allow investors, customers, suppliers, and stakeholders to understand the promotion and execution of the Company's CSR.

➢ Matters to be improved first and measures regarding any conditions not improved:

1. The Company continued to optimize the arrangements on its new website, allowing the Company's website to align with the demands of investors and relevant stakeholders.
2. The Company continued to optimize the CSR section on the Company's website, allowing investors, customers, suppliers, and stakeholders to understand the promotion and execution of the Company's CSR.

(IV) Company with Remuneration Committee in Place Shall Disclose Its Composition, Duties, and Operations

(1) Information on the Members of the Remuneration Committee:

Identity (Note 1)	Condition / Name	At least five years of working experiences and meet the following professional qualifications			Independence attribute (Note 2)										Number of other publicly listed companies in which the member concurrently holding the position as a member of the remuneration committee	Remark
		An instructor or higher position in a department of commerce, law, finance, accounting, or other departments related to the business requirements of the company in public or private universities and colleges	A judge, public prosecutor, attorney, CPA, or other professional or technical specialists who passed the national examination and had been awarded a certificate related to the business requirements of the company	Working experiences in the fields of commerce, law, finance, accounting, or otherwise related to the business requirements of the company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lin, Ming-Jie			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Chu, Zhi-Yuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Independent Director	Lin, Shu-Xian			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

Note 1: For the identity, please fill in Director, Independent Director, or others.

Note 2: Please check "✓" in the space under the code of the conditions when Directors and Supervisors meet the following conditions two years prior to their appointments and during the term of office.

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

（2）Not a Director or supervisor of the Company or its affiliates (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

（3）Not a natural person shareholder who holds shares, together with those held by the person's spouse, minors, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company, or that ranks among the top ten in shareholdings.

（4）Not a manager as specified in (1) nor a spouse or a direct blood relative within the second degree or third degree of kinship as specified in (2) and (3).

（5）Not a director, supervisor, or employee that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or a designated representative serving as a Director or supervisor of the Company under Paragraph 1 or 2 under Article 27 of the Company Act, or a director, supervisor, or employee of a corporate shareholder that ranks among the top five in shareholdings (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

（6）Not a director, supervisor, or employee of another company with its majority of director seats or voting shares controlled by the same individual (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

（7）Not a director, supervisor, or employee of another company or institution who is, or the person's spouse is, holding the position as the Chairman, President, or equivalent positions of the Company (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

（8）Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (except for particular companies or institutions holding more than 20% but less than 50% of the total number of issued shares of the Company, and Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

（9）Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, manager, or spouse thereof that provides auditing service for the Company or its affiliates, or provides relevant commercial, legal, financial, or accounting services with a cumulative remuneration less than NT$0.5 million in the latest two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer, or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

（10）No circumstance under any of the subparagraph stated in Article 30 of the Company Act had occurred.

(2) Information on the Operations of the Remuneration Committee

I. The Company's Remuneration Committee comprises three persons.

II. Term of office of the current members: From 21 June 2019 to 12 June 2022; four meetings (A) (Note 1) was held for the Remuneration Committee for the Latest year; the qualification and attendance of members are as follows:

Title	Name	Number of actual attendance (presence) (B) (Note 1)	Number of attendance by proxy	Actual attendance (presence) rate (B/A) (Note)	Remark
Convener	Lin, Ming-Jie	4	0	100%	
Member	Chu, Zhi-Yuan	4	0	100%	
Member	Lin, Shu-Xian	4	0	100%	

Four meetings were convened in 2020:

Date of meeting	Lin, Ming-Jie	Chu, Zhi-Yuan	Lin, Shu-Xian
27 February 2020	V	V	V
30 April 2020	V	V	V
21 May 2020	V	V	V
24 December 2020	V	V	V

Date	Title of the meeting	Content
27 February 2020	3rd meeting of the 4th Remuneration Committee	1. The discussion on the proposal of 2019 employees' remuneration and Directors' remuneration. Resolution: No objection and passed the resolution as proposed after the chairperson had inquired all attending members.
30 April 2020	4th meeting of the 4th Remuneration Committee	1. The discussion on the proposal of the retirement pension of senior managers of the Company. Resolution: No objection and passed the resolution as proposed after the chairperson had inquired all attending members.
21 May 2020	5th meeting of the 4th Remuneration Committee	1. The discussion on the distribution of the Directors' remuneration and managers and employees' remuneration for 2019. Resolution: Except for managers recused from participating in the discussion and voting according to the law, the remaining attending member (including proxies) had no objection and passed the resolution as proposed.
24 December 2020	6th meeting of the 4th Remuneration Committee	1. The proposal of the 2020 performance evaluation results and the content of year-end income for the Company's managers was submitted for discussion. Resolution: Except for managers recused from participating in the discussion and voting according to the law, the remaining attending member (including proxies) had no objection and passed the resolution as proposed. 2. The proposal of the salary adjustment of the Company's managers for 2020 was submitted for discussion. Resolution: Except for managers recused from participating in the

		discussion and voting according to the law, the remaining attending member (including proxies) had no objection and passed the resolution as proposed.

Other Matters to be Disclosed:

I. Where the Board refused to adopt or amended the recommendations from the Remuneration Committee, the Company shall set out the date of the Board meeting, the session, the content of the resolution, resolution results of the Board, and measures adopted by the Company for the opinions of the Remuneration Committee: None.

II. For the resolution matter of the Remuneration Committee, where any member expressed opposing or qualified opinions with records or written declarations, the Company shall set out the date of the Remuneration Committee meeting, the session, the content of the resolution, opinions of all members, and measures adopted by the Company for the opinions of the members: None.

(V) Performance of Corporate Social Responsibility and Its Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Its Cause:

Evaluation item		Operation (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
		Yes	No	Summary (Note 2)	
I. Has the Company conducted risk evaluations on environmental, social, and corporate governance issues related to the Company's operations, and established relevant risk management policies or strategies based on the materiality principle? (Note 3)		V		The Company has established its "Corporate Social Responsibility Best Practice Principles" The Corporate Sustainability Committee is responsible for its operations and management. The Committee reports to the Board regarding the execution and results at least once a year, and carries out examinations.	No significant deviation
II. Has the Company established a dedicated (or concurrently dedicated) department to promote corporate social responsibilities? Has the Board authorized the senior management to handle and report to the Board regarding the handling?		V		The Company's Corporate Sustainability Committee comprising its operating team is the responsible department for promoting CSR. The Company is responsible for promoting CSR projects, coordinate and established the Company's CSR targets and policies related to the direction of sustainable development, and report to the Board regarding the execution. The execution and processing status were disclosed on the Company's website.	No significant deviation
III.Environmental issues	(I) Has the Company set up an appropriate environmental management system based on the characteristics of	V		When selecting raw materials based on the Company's characteristics, the Company selects substances with no harm to the environment that may be easily processed for decomposition to the extent possible, reduces the using volume	No significant deviation

	the industry in which it operates?			of materials to minimize the consumption of resources on the earth. Also, the Company focuses on the safety and energy-saving design during the use and reuses resources such as wastewater to minimize the emission of greenhouse gases (GHG). For scrapping, the products shall be easily dissembled. The Company considers the function extension and reuse of products, and their recyclable design for the cyclic utilization of resources and reducing the load of landfill.	
	(II) Has the Company endeavored to improve the utilization rate of various resources and use renewable materials that have lower impacts on the environmental load?	V		1. When designing machines, the Company selects smaller power transmission elements to produce light machines or selects exchangers with high efficiency as the power supply element to achieve energy saving. 2. The recycle and reuse of consumables include communication on and promote the recycle and reuse of paper and the reuse of consumables. 3. The Company duly processes wastes, including communicating on and promoting trash classification and reduction. The Company classifies and recycles resources and engages legal suppliers to recycle and process the waste of the Company.	No significant deviation
	(III) Has the Company evaluated current and future potential risks and opportunities arising from climate change and	V		Facing climate change, the Company actively promotes and reforms its management measures for GHG reduction, including the improvement plan for energy-saving efficiencies, such as the following: 1.Increase the ratios of energy-	No significant deviation

	adopted responding measures for issues related to climate?			saving vehicles on a yearly basis. 2. Smoking is prohibited officewide, and smokers are required to go to the outdoor designated venue for smoking to comply with the regulations. Furthermore, the Company regularly conducts sterilization, deratization, and eradication of pests. 3. The Company replaces the light with energy-saving modulator tubes (LED light).	
	(IV)Has the Company prepared statistics on its GHG emissions, water use, and the total weight of wastes for the past two years and established management policies related to energy-saving, carbon emission reduction, GHG reduction, water use reduction, or other wastes?	V		To duly fulfill its responsible corporate responsibility, the Company is committed to environmental protection to fulfill the social responsibility of "protect the earth and care for the earth"; the Company established rules for the management of environmental protection.	No significant deviation
IV. Social issues	(I) Has the Company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company established its working rules and management rules and regulations related to the management of human affairs according to laws and regulations of labor to protect employees' interests and convened labor-capital conference according to the law to facilitate the harmonious labor-capital relationship and create the prospect of mutual benefits.	No significant deviation

	(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, paid leaves, and other benefits) and reflected its operating performance or results in employees' remunerations?	V		The Company regularly evaluates the operating costs, profitability, internal and external salary fairness, and performance management. Considering its social responsibility, the Company established reasonable remuneration policies, communicates on code of ethics and regulations related to corporate ethics during the on-boarding of new employees, and discloses its working rules on the portal website for employees, for the, to make inquiries and carry out self-examination at all times. For any related behaviors violating the rules conducted by employees, the Company will impose punishments based on the severity of the circumstances; such matters are connected with the performance evaluation system.	No significant deviation
	(III) Has the Company provided a safe and healthy work environment for employees and organized training on health and safety for its employees on a regular basis?	V		The Company regularly arranges employees' health inspection for its current employees and regularly holds "employees' self-protection and fire prevention marshaling training," and its scope of educational training includes a summary of regulations related to the safety and health during operations, labor's safety, and health concepts, operating procedures for safety and health, responding measures for emergencies, and general knowledge on and drills for fire prevention and first-aid.	No significant deviation
	(IV) Has the Company established effective career development training plans for its employees	V		To equip employees with professional attributes and development advantages, the Company organizes internal training programs and arranges employees to participate in external professional training from time to	No significant deviation

				time.	
	(V) Has the Company complied with relevant laws and international standards and established policies related to the protection of consumers' interests and complaint procedures for customers' health and safety, customer privacy, marketing, and label of its products and services?	V		The major operating concept of the Company announced on the website is as follows: Innovative products and services and improved by C Sun will satisfy customers' demand. The Company's quality policy includes adhering to quality, customer satisfaction, professionalism and steadiness, and corporate sustainability. Provisions in the quality handbook stipulate procedures for after-sale services, customer complaints, and complaint handling for products and services. Furthermore, the Company executes its annual customer satisfaction survey and feedback based on the "Procedures for Customer Satisfaction Survey" to understand customers' satisfaction regarding products, technologies, quality, delivery terms, and services, and in turn make improvements accordingly.	No significant deviation
	(VI) Has the Company established its supplier management policies to require suppliers to observe relevant regulations on issues related to environmental protection, occupational safety and health or labor human rights, as well as their implementation?	V		The Company has established its "Rules for the Management of Environmental Protection," which stipulates the requirements on suppliers in terms of environmental protection, safety, and health, the responsibility of improving the society and environment, so as to join hands with suppliers in developing green environmental protection technologies. For any violation, the Company may immediately terminate the cooperation relationship with the suppliers.	No significant deviation
V. Has the Company referred to internationally common standards or			V	None.	No significant deviation

guidelines for the preparation of reports to prepare reports disclosing non-financial information of the Company, such as CSR report? Have the reports mentioned obtained certifications or assurance opinions from any certifying institution?				

VI. Where the Company has established its Corporate Social Responsibility Best Principles according to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies," please describe its operations and the deviation from the Principles established:
The Company has established its corporate Social Responsibility Best Principles that have no significant deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies." The Principles are available for download at the Company's website or MOPS. For the execution of its corporate social responsibility, please refer to the Annual Report or the Company's corporate website.

VII. Other significant information to facilitate a better understanding of the Company's corporate social responsibility operations:

Social Participation:

- Public welfare support: The Company continues its sponsorship program for the youth baseball team of Chung-Ping Elementary School (2020 to 2024) and provides funding of NT$0.2 million per year to promote quality baseball.
- Cultivation of talents:
  1. The Company provides scholarships to the Department of Mechanical and Computer-Aided Engineering, Department of Materials Science and Engineering, and Department of Industrial Engineering and Systems Management of Feng Chia University.
  2. The Company provides scholarships to the bachelor's Program of Precision Systems Design and Department of Mechanical Engineering.
  3. The Company organizes a campus lecture tour with mentors within the industrial sectors to continue the positive industry-academic circulation. (National Chiao Tong University, National Tsing Hua University, National Taipei University of Technology, and Feng Chia University)
- Academic promotions: Provide sponsorships to the "Shu Ren Fund" (樹人基金) organized by College of Engineering of Tsing Hua University to support outstanding young scholars with real actions through providing assistance in their research and teaching projects, so as to establish the stage for knowledge of the new era, creating the social competitiveness in Taiwan.
- Culture and art participation:
  1. The Company subscribed tickets for "Wang Xin Xin's Show – Meet at Riverside" (《王心心作場—江畔·相逢》) by Cloud Gate Theater to and provided to employees for free participation to facilitate the continuation of the beauty and moving sentiments arising from the artistic culture in Taiwan.
  2. The Company subscribed tickets for the violin concert of Chin-ai Music, public welfare performance team subsidized by the Cultural Affairs Bureau of Nantou County, and provided subsidies for employees to purchase tickets for participation, cultivating employees' physical and mental health.

- Care for the vulnerable:
    1. The Company regularly provided sponsorships to St. Joseph's Hospital in Yunlin Country by way of collecting and donating charitable coins.
    2. The Company co-organizes a charitable bazaar with the Autism Association on a yearly basis and sets up booths for the charitable bazaar during employees' break hours in the Company.
    3. The Company made donations to support Taiwan Foundation for Rare Disorders and XS Foundation.

Care for Employees:

- Care for Employees: The Company has established its Employee Welfare Committee to stipulate comprehensive welfare measures for employees.
    1. Emergency allowance for employees.
    2. Offspring scholarship and grant for employees.
    3. Birthday cash gift.
- The Company applies and provides lunch cooked by using the Miele steam oven from Germany, allowing our fellow colleagues to dine with safety and health; the Company provides fruits of the season on each Wednesday to support local fruit growers. (dragon fruit and banana)
- Comfortable employees' dormitory.
- Diverse club activities – The Company and its Employee Welfare Committee subsidized employees to establish a basketball club, yoga club, and follower arrangement club.
- The Company organized employees' family events: New year greetings for resuming business operations at the end of the Chinese New Year/Mid-autumn dinner party/company trip/year-end dinner/ladies' meal/ and mountain climbing event for the PCB industry.
- The Company engaged private childcare centers to provide admission discounts for employees.
- Care for women:
    1. Established nursery rooms at headquarters and its northern plant and central plant.
    2. Adoption of leave without pay for nursery and measures for fertility subsidies: Employees may apply for a leave without pay according to laws and regulations; three employees submitted the application of leave without pay during 2020; 10 employees applied for fertility subsidies during 2020.
- Global human resources:
    1. C Sun employees a total of three employees with physical or mental disabilities.
    2. Diverse recruitment channels: Employees' recommendation project, R&D substitute services, career expo, industry-academic cooperation, recruitment events for industry-academia cooperation programs.
- Employees' development:
    1. New employees' e-learning and general knowledge educational training.
    2. Provided free program of goujon in Japanese for our fellow colleagues to participate in every half year.
    3. Provided an external training application system for employees.
    4. Monthly management programs for executives.
    5. Business training and value sharing program.
    6. Associates in China and subsidiaries visited Taiwan for training from time to time.

Safety and Health:

- Comprehensive safety and health systems:

1. Regular disaster prevention lectures.
2. Provided plant-wide communication regarding occupational disaster or occupational safety events during monthly meetings.
3. Regular training of safety and health personnel.
4. Installed AED and implemented operating educational training.

・Care for employees' health

1. Organized health inspection for our fellow colleagues each year.
2. Provided health subsidies to our fellow colleagues that have significant duties and are exposed to a high-risk work environment.

Note 1: Where "Yes" is checked for the operation, please explain the significant policies, strategies, and measures adopted and the execution status; where "No" is checked for the operation, please explain the cause and explain the plan to adopt relevant policies, strategies, and measures in the future.

Note 2: Where the Company had prepared its CSR report, the explanation on the operation may be substituted by referring to the page number in the CSR report.

Note 3: Principles of materiality refer to environmental, social, and corporate governance issues that have significant effects on the Company's investors and other stakeholders.

(VI) Performance of Ethical Management and Its Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Its Cause:

Evaluation item		Operation (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Its Causes
		Yes	No	Summary	
I. Establishment of ethical management policies and programs	(I) Has the Company established its ethical management policies that are passed by the Board, and expressively declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?	V		The Company has established its "Ethical Corporate Management Principles" and "Regulations for the Whistleblowing of Illegal and Unethical Behaviors" to stipulate a code of conduct for the corporate and employees. The Company communicates with its employees from time to time; the execution and handling status are disclosed on the Company's website.	No deviation
	(II) Has the Company established an evaluation system for the risk of unethical behaviors, regularly analyzed and evaluated operating activities with higher risks of unethical behaviors within its scope of business, and established an unethical behavior preventive plan that at least covering the preventive measures for	V		The Company's "Ethical Corporate Management Principles" set out preventive measures for unethical behaviors, such as providing and accepting bribes, providing illegal political donations, providing or accepting unreasonable gifts, social engagement, or other unjust interests, or infringement on business secrets and intellectual property rights.	No deviation

Evaluation item		Operation (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Its Causes
		Yes	No	Summary	
	behaviors set out in paragraph 2 under Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?				
	(III) Has the Company stated the operating procedures, behavioral guidelines, punishments for violations, and the complaint system in its unethical behavior preventive plan, duly implemented the plan, and regularly examined and amended the abovementioned plan?	V		Except for "Ethical Corporate Management Principles," the Company also established its "Procedures for the Acquisition or Disposal of Assets," "Procedures for Endorsement and Guarantee," "Procedures for Loans to Others, " and "Procedures for Transactions with Related Parties."	No deviation
II. Realize ethical management	(I) Has the Company evaluated business counterparties' ethical records and include clauses related to ethical management in contracts with business counterparties?	V		The Company engages in business activities in a fair and transparent manner. Before engaging in business activities, the Company duly evaluates the counterparties to avoid conducting transactions with unethical counterparties. Furthermore, when entering into business contracts with business counterparties, the department of legal affairs would review the contract terms to avoid conducting transactions with those with records of	No deviation

Evaluation item		Operation (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Its Causes
		Yes	No	Summary	
				unethical behaviors.	
	(II) Has the Company established a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year) reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and the execution of supervision?	V		The Company's Corporate Sustainability Committee is responsible for promoting business related to ethical corporate management. Furthermore, an Audit Office directly subordinated to the Board was established to be responsible for auditing whether there is any internal or external violation of ethical management.	No deviation
	(III) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implemented such policies?	V		For internal parties, the Company's relevant rules and regulations and working procedures for employees and the Company are published on the Company's internal website, and the Company sends letters to notify all our fellow colleagues upon any amendment. For external parties, the Company establishes a stakeholder section on its corporate website (http://https://www.csun.com.tw/investor-relations/stakeholder).	No deviation

Evaluation item		Operation (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Its Causes
		Yes	No	Summary	
	(IV) Has the Company established effective accounting systems and internal control systems to implement ethical management, with the internal audit department being responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examined, accordingly, the compliance with the unethical behavior preventive plan, or engaged CPAs to carry out the audit?	V		The Company has established its internal control system, provisions for implementing internal audits, accounting system, and management regulations that operate normally. The Company also fully realizes the requirements of ethical management. The internal auditors of the Company perform audits according to the audit plan and prepare audit reports, and regularly report to the Board regarding the audit results.	No deviation
	(V) Has the Company regularly held internal and external educational training on ethical management?	V		The Company regularly organizes educational training related to ethical management and has disclosed the procedures and regulations of relevant specifications on the Company's internal website for employees to inquire at all times.	No deviation
III. Operations of the Company's whistleblowing system	(I) Has the Company established concrete whistleblowing and incentive system, established convenient whistleblowing channels,	V		Regarding behaviors violating laws and regulations or code of ethics, the Company has established the "Regulations for the Whistleblowing of Illegal and Unethical Behaviors," whistleblowing and complaint channels (such as e-mail, employees' opinion	No deviation

Evaluation item		Operation (Note) Yes	No	Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Its Causes
	and appointed appropriate dedicated handling personnel for the targets being reported?			mailbox, and relevant punishment measures) and carry out examination and amendments from time to time to provide channels to achieve effective and abundant opinion communications, so as to rapidly and effectively communicate and resolve issues upon occurrence. The Company also assigns appropriate dedicated personnel to handle the reported targets.	
	(II) Has the Company established standard operating procedures for investigating the matters being reported and relevant confidentiality systems?	V		The Company has established whistleblowing regulations and a whistleblowing mailbox. We keep the identity of the whistleblower and the content of the whistleblowing confidential.	No deviation
	(III) Has the Company adopted measures to protect whistleblowers from being mistreated due to whistleblowing?	V		The Company has adopted measures to protect whistleblowers from being mistreated due to whistleblowing.	No deviation
IV. Improve information disclosure	Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website and MOPS?	V		The Ethical Management Principles of the Company have been uploaded to MOPS and disclosed on the Company's website (https://www.csun.com.tw/category).	No deviation
IV.Where the Company has established its Ethical Management Principles according to the "Ethical					

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation (Note)</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Its Causes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe its operations and the deviation from the Principles: None.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the Company's ethical management operations (such as review on and amendments to the Ethical Management Principles):
1. The Company observes the Company Act, the Securities Exchange Act, the Business Accounting Act, rules and regulations related to TWSE and TPEx, or other laws and regulations related to business conducts as the basis for fully realize its ethical management.
2. The Company's "Rules of Procedure for Meeting of the Board of Directors" stipulates the Directors' interest recusal system. For those who have or the corporates they represent have interests in the proposal at the meeting of the Board that may impair the Company's interests, they shall state their opinions and answer to inquiries, and may not participate in the discussion or voting, and they shall recuse themselves from the discussion and voting, and may not represent other Directors in exercising their voting rights.
3. The Company has established its "Operations for the Management of Preventing Insider Transactions," which stated that Directors, supervisors, managers, and employees may not leak the Company's undisclosed significant internal information acknowledged by them, and may not leak the Company's undisclosed significant internal information acknowledged by them due to the execution of businesses to others.
4. The CPA's firm of the Company is PwC Taiwan. The CPAs are not Directors of the Company and possess expertise and independence. The Company reviews the independence of CPAs on a yearly basis. The CPAs regularly perform audits on major cyclic and internal control and provide recommendations on matters related to internal control and accounting of the Company.</td></tr>
</table>

Note: Explanations shall be provided in the summary whether "Yes" or "No" is checked for the operation.

(VII) The Company established its code for corporate governance and relevant rules and regulations shall disclose the inquiry method: The Company made disclosures on the investor sector of the Company's corporate website.

(VIII) Other information enabling a better understanding of the Company's corporate governance operations shall be disclosed:

C Sun is committed to the transparency and immediacy of its operating information, and in turns generate maximum investment interest for shareholders, which has always been the essential operating concept of C Sun; the Company' corporate governance status is as follows:

1. The Board includes three Independent Directors with years of industrial experiences.
2. The professional Independent Directors regularly participate in the decision-making system (one to two meetings of the Board are convened every three months).
3. The Company regularly engages CPAs to perform audits on the operating system in Taiwan and China.
4. The CPAs regularly participate in the meeting of the Board and play the part of supervision and consultation.
5. The Company has established an investor section on its website and made regular updates, allowing all shareholders to acquire real-time information of the Company via a uniform and fair channel.
6. The Company has established a professional Director consultation system.

(IX) Execution of the Internal Control System:

1. Statement of Internal Control:

C Sun MFG. Ltd.

Statement of Internal Control System

Date: 4 March 2021

Based on the results of the self-evaluation on the internal control system for 2020, the Company hereby stated as follows:

I. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company had established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules.

II. An internal control system has inherent limitations. Regardless of the comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company adopts immediate remedial actions in response to any identified deficiencies.

III. The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system are effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation; 3. control operations; 4. information and communications; and 5. supervisory operations. For the items mentioned above, please see the requirements under the “Regulations.”

IV. The Company adopted the abovementioned determination items for the internal control system to evaluate the effectiveness of the internal control system's design and execution.

V. Based on the evaluation results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as at 31 December 2020 are effective (including the understanding of the level of achievement regarding the objectives of operations' effects and efficiency, credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.

VI.The Statement is a major part of the Company's annual report and prospectus that is disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII.7. The Statement was passed at the meeting of the Board on 4 March 2021. It is hereby stated that seven Directors who attended the meeting have agreed on the content of the Statement.

C Sun MFG. Ltd.

Chairman: Morrison Liang

General Manager: Morrison Liang

2. Where CPAs were engaged to conduct a project audit on the internal control system, the audit report shall be disclosed: None.

(X) Penalties Imposed upon the Company and Its Internal Personnel According to Law, Penalties Imposed by Company on Its Internal Personnel for the Violation of the Internal Control System, Principal Deficiencies, and Improvement for the Latest Year and as of the Date of Publishing the Annual Report: None.

(XI) Significant Resolution Made by the Shareholders' Meeting and the Board of Directors for the Latest Year and as of the Date of Publishing the Annual Report

(1) Significant Resolution of the Board:

Date	Title of the Meeting	Content
27 February 2020	6th meeting of the 17th Board	1. Passed the 2019 individual and consolidated financial reports. 2. Pass the 2019 effective audit and statement of the internal control system. 3. Passed the proposal of 2019 earning distribution. 4. Passed the 2019 business report. 5. Passed the amendments to the "Articles of Association." 6. Passed the amendments to the "Rules of Procedure for Meeting of the Board of Directors." 7. Passed the amendments to the "Organizational Regulations of Audit Committee." 8. Passed the time, venue, and agenda for the 2020 shareholders' meeting, and the period for accepting shareholders' proposals. 9. Passed the total sum of remuneration of Directors and supervisors and remuneration of employees for

		2019.
30 April 2020	7th meeting of the 17th Board	1. Passed the 2020 Q1 consolidated financial report.
21 May 2020	8th meeting of the 17th Board	1. Passed the ex-dividend date and distribution day for cash dividends. 2. Passed the proposal of remuneration distribution of Directors for 2019
13 August 2020	9th meeting of the 17th Board	1. Passed the 2020 Q2 consolidated financial report.
5 November 2020	9th meeting of the 17th Board	1. Passed the 2020 Q3 consolidated financial report. 2. Established the financial and management control operations of "Management for the Preparation Procedures of Financial Statements" and established the "Regulations for the Management for the Preparation Procedures of Financial Statements."
24 December 2020	11th meeting of the 17th Board	1. Passed the 2021 audit plan. 2. Passed the 2021 annual plan. 3. Passed the proposal of endorsement and guarantee – customs guarantee limits for goods import adopting the post-release duty method. 4. Passed the proposal of providing endorsement and guarantee to the subsidiaries. 5. Passed the proposal of the independence and competency of the current CPAs. 6. Passed the proposal of salary adjustment of managers for 2020. 7. Passed the proposal of the 2020 performance evaluation results and the content of year-end income for the Company's managers.
4 March 2021	12th meeting of the 17th Board	1. Passed the 2019 individual and consolidated financial reports. 2.Pass the 2019 effective audit and statement of the internal control system. 3. Passed the amendments to the "Regulations for Endorsement and Guarantee." 4. Passed the amendments to the "Procedures for the Acquisition and Disposal of Assets." 5. Passed the amendments to the "Procedures for Engaging in Derivative Transactions." 6. Passed the proposal of 2020 earning distribution and the proposal of issuance of new shares by way of capital increase from earning. 7. Passed the 2020 business report. 8. Passed the time, venue, and agenda for the 2021 shareholders' meeting, and the period for accepting shareholders' proposals. 9.Passed the total sum of remuneration of Directors and supervisors and remuneration of employees for 2019.

(2) Content of Significant Resolutions at the Annual Shareholders' Meeting on 21 May 2020 and the Execution:

Significant Resolutions:

1. Passed the 2019 business report and financial statements.
2. Passed the 2019 earning distribution.
3. Passed the amendments to the "Articles of Association."

Execution:

1. On 21 May 2020, the Board set 8 June 2020 as the ex-dividend date, cash of NT$2.5 per share was distributed to the shareholders on 3 July 2020, and the distribution amount has no difference from the resolution made at the annual shareholders' meeting.
2. The alteration registration for the amendments to the Articles of Association was approved by the Letter Jing-shou-shang-zi No. 10901101940 on 12 June 2020.

(XII) The Primary Content of Directors or Supervisors' Opposing Opinions with Records or Written Declarations on Significant Resolutions Passed by the Board of Directors for the Latest Year and as of the Date of Publishing the Annual Report: None.

(XIII) Summary of Separation and Dismissal of Parties Related to the Financial Report (Including Chairman, General Manager, Chief Accountant, and Chief Internal Auditor) for the Latest Year and as of the Date of Publishing the Annual Report: None.

IV. Information on Audit Fees

Unit: NT$ thousands

CPA's firm	CPA's name	Audit fees	Non-audit fees					Audit period	Remark
			System design	Business registration	Human resources	Others (Note 2)	Subtotal		
PwC Taiwan	Li, Dian-Yi Tseng, Guo-Hwa	2,455	-	-	-	250	250	109.1.1~ 109.12.31	-

Note 1: For any changes in the CPAs or CPA's firm, the audit period shall be stated, and explanations for such changes shall be set forth in the remark column, and the information such as the audit fees and non-audit fees paid shall be disclosed in order.

Note 2: Non-audit fits shall be set out separately based on the service items. For "Others" that are not non-audit fees reaching 25% of the non-audit fees in aggregate, the content of services shall be set forth in the remark column.

(I) Where the Non-Audit Fees Paid to the CPAs, CPA's Firm, and Its Affiliates Accounted for One-Fourth of the Audit Fees and Above, the Audit and Non-Audit Fees and the Content of the Non-Audit Services Shall Be Disclosed: Not applicable.

(II)When Changing the Accounting Firm and the Audit Fees Paid for the Year in which the Change Took Place Are Lower than Those Paid for the Year Preceding the Change, the Decrease in the Amount of the Audit Fees, the Ratio, and the Reason Shall be Disclosed: Not applicable.

(III)When the Audit Fees Decreased by 10% and Above as Compared with the Preceding Year, the Decrease in the Amount of the Audit Fees, the Ratio, and the Reason Shall be Disclosed: Not applicable.

V.Information on the Change of CPAs

(I) Former CPAs: None.

(II) Successor CPAs: None.

(III) Response Letter from Former CPAs for Matters Set out in item 1 and item 2-3, subparagraph 6, Article 10 of the Regulations: None.

VI. When the Chairman, General Manager, Managers Responsible for Financial or Accounting Affairs of the Company Had Taken Office in the CPAs' Firm or its Affiliates, Names, Titles, and the Period Taken Office in the CPA's Firm or Its Affiliates shall be Disclosed: None.

VII. Changes in Equity Transfer and Pledge of Equity by Directors, Supervisors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report:

(1) Changes in Equity of Shareholders:

Changes in Equity of Directors, Supervisors, Managers, and Major Shareholders

Unit: Share

Title (Note 1)	Name	2020		As of 27 March of the current year	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Chairman	Morrison Liang	—	—	—	—
Director	Liang Mao-Chung	—	—	—	—
Director	Shen, Xian-He	—	—	—	—
Director	Chen, Zheng-Xing	—	—	—	—
Independent Director	Lin, Ming-Jia	—	—	(31,706)	—
Independent Director	Chu, Zhi-Yuan	—	—	—	—
Independent Director	Lin, Shu-Xian	—	—	—	—
Vice General Manager	Lai, Ching-Wen	(144,000)	—	(9,000)	—
Vice General Manager	Huang, Min-Nan	(191,000)	—	—	—
Assistant Manager	Yuan, Kai-Chun	—	—	—	—
Assistant Manager	Wu, Yen-Cheng	—	—	—	—
Chief of Finance	Zhang, Qiong-Yao	25,000	—	1,000	—
Chief Accountant	Lai, Chiu-Yen	5,000	—	—	—

Note 1: Shareholders holding more than 10% of the Company's total number of shares shall be specified as major shareholders, and shall be set out separately.

(2) Information on Equity Transfer: None.

(3) Information on Equity Pledge: The counterparties of the pledged equity are not related parties.

VIII. Information on Shareholders with Top Ten Shareholdings Who Are Related Parties or Spouses or Family Members within the Second Degree of Kinship under the Financial Accounting Standards:

27 March 2021 (book closure day)
Unit: Share; %

Name (Note 1)	Shares held by the shareholders		Shares held by spouse and minors		Shares held in the name of others		Title, name, or relationship of shareholders with top ten shareholdings who are related parties or spouses or family members within the second degree of kinship. (Note 3)		Remark
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title	Relationship	
Hai-Xing Investment Co., Ltd. Representative: Cheng Liang, Jin-Rong	13,337,275	8.94%	–	–	–	–	Morrison Liang	Older sister and younger brothers relationship with the representative	–
	878,296	0.59%	–	–	–	–	Liang, Mao-Chung	Older sister and younger brothers relationship with the representative	–
Pin-zhi Investment Co., Ltd. Representative: Liang, Bi-Ru	11,030,656	7.39%	–	–	–	–	Morrison Liang	Representative is the child	–
	710,000	0.48%	–	–	–	–	Morrison Liang	Representative is the child	–
Liang, Mao-Chung	8,362,567	5.60%	1,082,385	0.73%	–	–	Morrison Liang	Brothers	–
							Hai-Xing Investment Co., Ltd.	Older sister and younger brothers relationship with the representative	–
Morrison Liang	7,885,139	5.28%	320,000	0.21%	–	–	Morrison Liang	Brothers	–
							Hai-Xing Investment Co., Ltd.	Older sister and younger brothers relationship with the representative	–
							Pin-zhi Investment Co., Ltd.	Representative is the child	–
International Account of Morgan Stanley under the Custody of HSBC (Taiwan)	4,176,693	2.80%	–	–	–	–	–	–	–
Gallant Precision Machining Co., Ltd.	3,360,000	2.25%	–	–	–	–	–	–	–
Jian, Jin-Tu	3,062,764	2.05%	290,610	0.19%	–	–	–	–	–
Yakaidi Emerging Market Small Capital Equity Fund under the Custody of HSBC	2,743,000	1.84%	–	–	–	–	–	–	–
UBS Europe SE Investment Account under the Custody of City Bank	1,840,308	1.23%	–	–	–	–	–	–	–
Investment Account of J.P. Morgan Securities Co., Ltd. under the Custody of J.P. Morgan (US)	1,599,000	1.07%	–	–	–	–	–	–	–

Note 1: Shareholders with top ten shareholdings shall be fully stated, and the title of the corporate shareholder and the name of the

representative for the corporate shareholders shall be separately stated.

Note 2: The calculation of shareholdings refers to the ratio of shares held by the shareholders themselves, their spouses, minors, and in the name of others.

Note 3: The shareholders above include corporates and natural persons, the relationships among such shareholders shall be disclosed according to the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Shareholdings of the Company, the Company's Directors, Supervisors, Managers, and Companies Directly or Indirectly Controlled by the Company in the Same Investee Companies, and the Consolidated Shareholding Ratio in Aggregation:

Shareholding in Aggregation

31 December 2020

Unit: Share; %

Investee companies (Note 1)	Investments of the Company		Investments of Directors, supervisors, managers, and companies directly or indirectly controlled by the Company		Investments in aggregation	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
C SUN(B.V.I.) LTD.	11,593,750	100.00%	-	-	11,593,750	100.00%
Csun Technology (Guangzhou) Co., Ltd. (Note 2)	-	100.00%	-	-	-	100.00%
Suzhou Top Creation Machines Co., Ltd. (Note 2)	-	77.47%	-	-	-	77.47%
K SUN (SAMOA) LTD.	2,312,160	100.00%	-	-	2,312,160	100.00%
Wat Sun. Intelligent Technology Co., Ltd.	70,000,000	100.00%	-	-	70,000,000	100.00%
Abcon Technology Inc.	2,000,000	66.67%	70,000	2.33%	2,070,000	69.00%

Note 1: Long-term investments accounted for using the equity method of the Company.

Note 2: Companies in China invested by way of investing the establishment of a company in a third region.

Chapter 4. Fund-raising

I. Capital and Shares of the Company

(I) Share Capital and Its Sources:

Source of Share Capital

27 March 2021 (book closure day)

Unit: Share

Month and Year	Issue price	Authorized capital		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Properties other than cash in substitution of share capital	Others
April 1078	10	300,000	3,000,000	300,000	3,000,000	Establishment	None	-
May 1984	10	600,000	6,000,000	600,000	6,000,000	Capital increase by cash of NT$3,000 thousand	None	-
July 1985	10	1,500,000	15,000,000	1,500,000	15,000,000	Capital increase by cash of NT$9,000 thousand	None	-
October 1994	10	4,000,000	40,000,000	4,000,000	40,000,000	Capital increase by cash of NT$25,000 thousand	None	-
October 1994	10	6,000,000	60,000,000	6,000,000	60,000,000	Capital increase by cash of NT$20,000 thousand	None	-
November 1996	10	8,500,000	85,000,000	8,500,000	85,000,000	Capital increase by cash of NT$25,000 thousand	None	-
July 1997	10	30,000,000	300,000,000	17,300,000	173,000,000	Capital increase by cash of NT$33,000 thousand Capital increase from earnings of NT$25,000 thousand Capital increase from capital reserve of NT$30,000 thousand	None	Letter (86) Tai-cai-zheng-(yi) No. 79879 on 4 November 1997
July 1997	10	30,000,000	300,000,000	25,900,000	259,000,000	Capital increase by cash of NT$49,260 thousand Capital increase from earnings of NT$36,740 thousand	None	Letter (87) Tai-cai-zheng-(yi) No. 48830 on 5 June 1998
June 1999	10	30,600,000	306,000,000	30,600,000	306,000,000	Capital increase from earnings of NT$47,000 thousand	None	Letter (88) Tai-cai-zheng-(yi) No. 53483 on 10 June 1999
May 2000	10	88,600,000	886,000,000	46,700,000	467,000,000	Capital increase by cash of NT$91,000 thousand Capital increase from earnings of NT$70,000 thousand	None	Letter (89) Tai-cai-zheng-(yi) No. 42313 on 23 May 2000 Letter (89) Tai-cai-zheng-(yi) No. 42314 on 16 May 2000
May 2001	10	101,300,000	1,013,000,000	60,280,000	602,800,000	Capital increase from earnings of NT$135,800 thousand	None	Letter (90) Tai-cai-zheng-(yi) No. 132351 on 25 May 2001
June 2002	10	101,300,000	1,013,000,000	76,493,000	764,930,000	Capital increase from earnings of NT$101,850 thousand Capital increase from capital reserve of NT$60,280 thousand	None	Letter (91) Tai-cai-zheng-(yi) No. 0910132850 on 18 June 2002

August 2003	10	101,300,000	1,013,000,000	81,395,500	813,955,000	Capital increase from earnings of NT$33,726.4 thousand Capital increase from capital reserve of NT$15,298.6 thousand	None	Letter (92) Tai-cai-zheng-(yi) No. 09201253670 on 28 August 2003
July 2004	10	121,300,000	1,213,000,000	89,915,000	899,150,000	Capital increase from earnings of NT$52,636.8 thousand Capital increase from capital reserve of NT$32,558.2 thousand	None	Letter (93) Jin-guan-zheng-(yi) No. 0930131353 on 14 July 2004
July 2005	10	121,300,000	1,213,000,000	93,729,908	937,299,080	Consolidated capital increase in consolidated cash of NT$38,149.08	None	Letter (94) Jin-guan-zheng-(yi) No. 0940125887 on 21 July 2005
September 2005	10	134,700,000	1,347,000,000	102,482,700	1,024,827,000	Capital increase from earnings of NT$81,271 thousand Capital increase from capital reserve of NT$6,256.92 thousand	None	Letter (94) Jin-guan-zheng-(yi) No. 0940137840 on 9 September 2005
January 2006	10	134,700,000	1,347,000,000	103,292,700	1,032,927,000	Employee stock option converted to the issuance of new shares of NT$8,100 thousand	None	Letter Jing-shou-shang-zi No. 09501012510 on 25 January 2006
May 2006	10	134,700,000	1,347,000,000	103,627,700	1,036,277,000	Employee stock option converted for the issuance of new shares of NT$3,350 thousand	None	Letter Jing-shou-shang-zi No. 09501089280 on 17 May 2006
August 2006	10	200,000,000	2,000,000,000	115,959,700	1,159,597,000	Capital increase from earnings of NT$107,670 thousand Capital increase from capital reserve of NT$14,000 thousand Employee stock option converted for the issuance of new shares of NT$1,650 thousand	None	Letter Jing-shou-shang-zi No. 09501176280 on 18 August 2006
November 2006	10	200,000,000	2,000,000,000	116,124,700	1,161,247,000	Employee stock option converted for the issuance of new shares of NT$1,650 thousand	None	Letter Jing-shou-shang-zi No. 09501251590 on 13 November 2006
March 2007	10	200,000,000	2,000,000,000	129,106,561	1,291,065,610	Consolidated capital increase in consolidated cash of NT$129,268.61 Employee stock option converted for the issuance of new shares of NT$550 thousand	None	Letter Jing-shou-shang-zi No. 09601035250 on 6 March 2007
May 2007	10	200,000,000	2,000,000,00	129,171,561	1,291,715,610	Employee stock option converted for the issuance of new shares of NT$650 thousand	None	Letter Jing-shou-shang-zi No. 09601100380 on 9 May 2007
September 2007	10	200,000,000	2,000,000,000	134,998,361	1,349,983,610	Capital increase from capital reserve of NT$58,268 thousand	None	Letter Jing-shou-shang-zi No. 09601215250 on 3 September 2007
November 2007	10	200,000,000	2,000,000,000	135,123,361	1,351,233,610	Employee stock option converted for the issuance of new shares of NT$1,250 thousand	None	Letter Jing-shou-shang-zi No. 09601215250 on 16 November 2007
March 2008	10	200,000,000	2,000,000,000	135,128,361	1,351,283,610	Employee stock option converted for the issuance of new shares of NT$50 thousand	None	Letter Jing-shou-shang-zi No. 09701055510 on 6 March 2008

September 2008	10	200,000,000	2,000,000,000	135,287,361	1,352,873,610	Employee stock option converted for the issuance of new shares of NT$1,590 thousand	None	Letter Jing-shou-shang-zi No. 09701156110 on 2 July 2008
September 2008	10	200,000,000	2,000,000,000	139,762,861	1,397,628,610	Capital increase from earnings of NT$44,755 thousand	None	Letter Jing-shou-shang-zi No. 09701246900 on 24 September 2008
July 2009	10	200,000,000	2,000,000,000	139,792,861	1,397,928,610	Employee stock option converted for the issuance of new shares of NT$300 thousand	None	Letter Jing-shou-shang-zi No. 09801140360 on 13 July 2009
August 2009	10	200,000,000	2,000,000,000	143,661,610	1,436,616,100	Capital increase from earnings of NT$38,687 thousand	None	Letter Jing-shou-shang-zi No. 09801189850 on 20 August 2009
February 2010	10	200,000,000	2,000,000,000	143,707,610	1,437,076,100	Employee stock option converted for the issuance of new shares of NT$460 thousand	None	Letter Jing-shou-shang-zi No. 09901026100 on 5 February 2010
May 2010	10	200,000,000	2,000,000,000	146,711,620	1,467,116,200	Employee stock option converted for the issuance of new shares of NT$8,450 thousand Corporate bonds converted into shares of NT$21,590.1 thousand	None	Letter Jing-shou-shang-zi No. 09901092890 on 7 May 2010
September 2010	10	200,000,000	2,000,000,000	150,107,558	1,501,075,580	Employee stock option converted for the issuance of new shares of NT$7,640 thousand Corporate bonds converted into shares of NT$26,319.38 thousand	None	Letter Jing-shou-shang-zi No. 09901199890 on 2 September 2010
November 2010	10	200,000,000	2,000,000,000	151,184,208	1,511,842,080	Employee stock option converted for the issuance of new shares of NT$4,510 thousand Corporate bonds converted into shares of NT$32,986.5 thousand Cancellation of treasury shares of NT$26,730 thousand	None	Letter Jing-shou-shang-zi No. 09901251530 on 9 November 2010
March 2011	10	200,000,000	2,000,000,000	152,338,304	1,523,383,040	Employee stock option converted for the issuance of new shares of NT$4,855 thousand Corporate bonds converted into shares of NT$6,685.96 thousand	None	Letter Jing-shou-shang-zi No. 10001044350 on 8 March 2011
May 2011	10	200,000,000	2,000,000,000	153,056,510	1,530,565,100	Employee stock option converted for the issuance of new shares of NT$3,185 thousand Corporate bonds converted into shares of NT$3,997.06 thousand	None	Letter Jing-shou-shang-zi No. 10001096720 on 14 May 2011
September 2011	10	200,000,000	2,000,000,000	155,152,820	1,551,528,200	Employee stock option converted for the issuance of new shares of NT$905 thousand Corporate bonds converted into shares of NT$20,058.10 thousand	None	Letter Jing-shou-shang-zi No. 10001208720 on 8 September 2011
November 2011	10	200,000,000	2,000,000,000	156,045,219	1,560,452,190	Employee stock option converted for the issuance of new shares of NT$2,200 thousand Corporate bonds converted into shares of NT$6,723.99 thousand	None	Letter Jing-shou-shang-zi No. 10001252220 on 2 November 2011
March 2012	10	200,000,000	2,000,000,000	156,129,130	1,561,291,300	Employee stock option converted for the issuance of new shares of NT$370 thousand Corporate bonds converted into shares of NT$469.11 thousand	None	Letter Jing-shou-shang-zi No. 10101048670 on 21 March 2012

June 2012	10	200,000,000	2,000,000,000	158,224,515	1,582,245,150	Corporate bonds converted into shares of NT$20,953.85 thousand	None	Letter Jing-shou-shang-zi No. 10101105390 on 8 June 2012
October 2012	10	200,000,000	2,000,000,000	158,744,548	1,587,445,480	Corporate bonds converted into shares of NT$5,200.33 thousand	None	Letter Jing-shou-shang-zi No. 10101226550 on 31 October 2012
April 2019	10	200,000,000	2,000,000,000	149,205,548	1,492,055,480	Cancellation of the Company's treasury shares of NT$95,390 thousand	None	Letter Jing-shou-shang-zi No. 10801042370 on 23 April 2019

(II) Capital and Shares

27 March 2021 (book closure day)

Category of shares	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	149,205,548 shares	50,794,452 shares	200,000,000 shares	Include 10,000,000 shares available for subscription under employee stock options and 20,000,000 shares upon the conversion of corporate bonds.

(III) Summary of Information Related to the Declaration System: Not applicable.

(IV) Shareholders' Structure:

27 March 2021 (book closure day)
Unite: Share; %

Shareholder structure / Quantity	Government agencies	Financial institutions	Other corporates	Individuals	Foreign institutions and foreign individuals	Total
Number of shareholders	0	0	142	26,276	99	26,517
Number of shares held	0	0	43,679,764	82,779,580	22,746,204	149,205,548
Shareholding	0%	0%	0.53%	99.10%	0.37%	100%

Note 1: Companies with their primary listing on TWSE (TPEx) and emerging stock market shall disclose their shareholding of Chinese investments; Chinese investments refer to citizens, corporates, groups, and other institutions in the China region, or companies invested in a third region stated under Article 3 of the Regulations for the Permission of Citizens in the China Region to Invest in Taiwan.

Note 2: Shareholding of Chinese investments: 0%.

(V) Equity Dispersion

Equity Dispersion

27 March 2021 (book closure day)
Nominal value of NT$10 per share

Range of shareholding	Number of shareholders	Number of shares held	Shareholding (%)
1-----------999	16,005	947,387	0.635
1,000---------5,000	8,349	16,804,975	11.263
5,001-------10,000	1,112	9,098,192	6.098
10,001-------15,000	308	3,871,807	2.595
15,001-------20,000	208	3,878,560	2.599
20,001-------30,000	168	4,294,973	2.879
30,001-------40,000	83	2,895,715	1.941
40,001-------50,000	50	2,335,478	1.565
50,001-----100,000	100	7,088,217	4.751
100,001-----200,000	62	8,865,768	5.942
200,001-----400,000	29	8,137,424	5.454
400,001-----600,000	9	4,595,195	3.08
600,001-----800,000	11	7,687,666	5.152
800,001---1,000,000	4	3,450,296	2.312
Above 1,000,001	19	65,253,895	43.734
Total	26,517	149,205,548	100

(VI) List of Major Shareholders

List of Major Shareholders

Shares / Title of major shareholders	Number of shares held	Shareholding (%)
Hai-Xing Investment Co., Ltd.	13,337,275	8.938
Pin-zhi Investment Co., Ltd.	11,030,656	7.392
Liang, Mao-Chung	8,362,567	5.604
Morrison Liang	7,885,139	5.283
International Account of Morgan Stanley under the Custody of HSBC (Taiwan)	4,176,693	2.799
Gallant Precision Machining Co., Ltd.	3,360,000	2.251
Jian, Jin-Tu	3,062,764	2.052
Yakaidi Emerging Market Small Capital Equity Fund under the Custody of HSBC	2,743,000	1.838
UBS Europe SE Investment Account under the Custody of City Bank	1,840,308	1.233
Investment Account of J.P. Morgan Securities Co., Ltd. under the Custody of J.P. Morgan (US)	1,599,000	1.071

(VII) Information Related to the Market Price per Share, Net Value, Earnings, and Dividends for the Latest Two Years

Information on Market Price per Share, Net Value, Earnings, and Dividends

Item		Year	2019	2020	As of 31 March 2021
Market price per share (Note1)	Highest		36.0	38.4	52.40
	Lowest		24.3	21.75	36.55
	Average		28.73	28.75	45.12
Net value per share (Note2)	Before distribution		17.76	17.98	(Note 9)
	After distribution		15.26	(Note)	
Earnings per share	Weighted average number of shares		149,206 thousand shares	149,206 thousand shares	—
	Earnings per share (Note3)	Before retrospective adjustments	2.09	2.94	—
		After retrospective adjustments	2.09	2.94	—
Dividends per share	Cash dividends		2.5	(Note)	—
	Right issue	Share allotment from earning	—	(Note)	—
		Share allotment from capital reserve	—	(Note)	—
	Accumulated unpaid dividends (Note4)		—	—	—
Analysis of investment return	P/E ratio (Note5)		13.75	9.78	(Note 9)
	Price to dividend ratio (Note6)		11.50	11.50 (Note)	—
	Dividend yield (Note7)		8.70%	8.70% (Note)	—

Note: The proposal of 2020 earning distribution had not been passed as a resolution at the shareholders' meeting.

Note 1: Set out the highest and lowest market price of ordinary shares for each year and calculated the average market price for each year based on the trading value and trading volume for each year.

Note 2: Please complete based on the number of issued shares at the end of the year in accordance with the allocation determined at the shareholders' meeting in the following year.

Note 3: For retrospective adjustments required due to right issues, earnings per share before and after the adjustment shall be set out.

Note 4: Where the issuance conditions of the equity securities stated that the undistributed dividends of the year may be accumulated until the year with earning for distribution, the accumulated unpaid dividends as of the year shall be separately disclosed.

Note 5: P/E ratio = Average closing price per share for the year/earnings per share.

Note 6: Price to dividend ratio = Average closing price per share for the year/cash dividends per share.

Note 7: Dividend yield = Cash dividends per share/average closing price per share for the year.

Note 8: Data for the Latest quarter audited (reviewed) by the CPAs as of the date of publishing the Annual Report shall be used for the net value per share and earnings per share; current data as of the date of publishing the Annual Report shall be used for other columns.

Note 9: As of the date of publishing the Annual Report, CPAs had certified and reviewed all data.

(VIII) Dividend Policy of the Company and the Execution:

(1) Dividend Policy:

- Article 31 of the Articles of Association:

  When the Company recorded profits for the year, the Company shall appropriate 1% to 9% of such profits as the remuneration of employees, and the distribution in shares or cash shall be determined by the Board; the distribution targets include employees of subsidiaries that fulfill certain conditions. The Board may determine to appropriate no more than 2.25% of the amount of the above profits of the Company as the remuneration of Directors and supervisors. The proposal of the distribution of remuneration of employees and remuneration of Directors shall be reported to the shareholders meeting. However, when the Company still has accumulated losses, the amount for compensation shall be preserved in advance, and the remuneration of employees and remuneration of Directors shall be appropriated according to the above ratios.

  Where the Company recorded earnings after final annual account:

  I. Pay tax according to the law;

  II. Make compensation for accumulated losses;

  III. Provide 10% as the statutory surplus reserve; however, when the statutory surplus reserve has reached the paid-up capital of the Company, provision is no longer required;

  IV. Provide or reverse special surplus reserve according to the requirements of the laws and regulations regarding the remaining earnings;

  V. The remaining balance shall be combined with the undistributed earnings, and the Board shall prepare the allotment proposal after retaining partial of such balances discretionally subject to the operating status of the Company, and submit the proposal to the shareholders; meeting to determine for the distribution of shareholders’ dividends based on the Article 33-1 “Dividend Policy of the Company.”

- Article 31-1 of the Articles of Association: Dividend Policy

  Considers its operating environment and growth, responding to the future capital requirements and its long-term financial planning, and satisfying shareholders’ demand for cash, the Company distributes a cash dividend no less than 20% regarding the shareholders’ dividends in the preceding Article.

(2) Dividends Distribution Intended at the Shareholders' Meeting:

The Company's proposal of the 2020 earning distribution prepared at the meeting of the Board on 4 March 2021 is set out in the following table; after the proposal is passed as a resolution at the annual shareholders' meeting on 25 May 2021, the distribution shall be subject to relevant requirements.

C Sun MFG. Ltd.
Earning Distribution Table
For the Year Ended 31 December 2020

Unit: NT$

Item	Amount	
	Subtotal	Total
Undistributed earnings at the beginning of the year		145,804,605
Net profit after tax for the year		438,766,292
Items not adjusted according to the retained earnings under the item of profit or loss:		26,784,345
Actuarial profit or loss included in retained earnings	(4,444,097)	
Disposals of equity instruments at fair value through other comprehensive income	31,228,442	
The amount of net profit after tax for the year plus items other than net profit of the period included in the undistributed earnings for the year		465,550,637
Less: Provision of 10% statutory surplus reserve		46,555,064
Less: Provision of special surplus reserve – Adjustment items for shareholders' equity		53,977,043
Earnings available for distribution		510,823,135
Distribution item:		
Shareholders' dividends – Cash (distribution of NT$2,500 per thousand shares)		373,013,870
Shareholders' dividends – Shares (distribution of 20 shares per thousand shares)		29,841,110
Undistributed earnings at the end of the year		107,968,155

(IX) Effects of the Right Issue Discussed at the Shareholders' Meeting on the Operating Performance and Earning per Share of the Company: According to the requirements of Letter Tai-cai-zheng-(yi) No. 00371 on 1 February 2000, as the Company had not prepared and announced its 2020 financial forecast, the information is not required to be disclosed.

(X) Remuneration of Employees and Remuneration of Directors

1. The ratio or scope of remuneration of employees and Directors set out in the Articles of Association:

   When the Company recorded profits for the year, the Company shall appropriate 1% to 9% of such profits as the remuneration of employees, and the distribution in shares or cash shall be determined by the Board; the distribution targets include employees of subsidiaries that fulfill certain conditions. The Board may determine to appropriate no more than 2.25% of the amount of the above profits of the Company as the remuneration of Directors and supervisors. The proposal of the distribution of remuneration of employees and remuneration of Directors shall be reported to the shareholders meeting. However, when the Company still has accumulated losses, the amount for compensation shall be preserved in advance, and the remuneration of employees and remuneration of Directors shall be appropriated according to the above ratios.

2. The estimation basis for the estimation regarding the amount of remuneration of employees and Directors, the calculation basis for the number of shares for share distribution as remuneration of employees, and the accounting for differences between the actual distribution amount or the estimation amount:

   The Company adopts the basis by deducting the accumulated losses from the profits of the year (i.e., profit before tax and remuneration of employees and remuneration of Directors) and estimate the remuneration of employees and remuneration of Directors according to the scope of ratio set out in the Articles of Association, and include such remuneration as operating costs or operating expenses. For remuneration of employees distributed in shares, the calculation of the number of shares distributed is based on the closing price of the ordinary shares on the day prior to the discussion of the Board. For any difference between the above estimated amount and the actual distributed amount, the Company processes it as the changes in accounting estimates, and adjusted and accounted for such differences during the year of distribution.

3. Distribution of remuneration passed by the Board:

   (1) Amount of remuneration of employees and remuneration of Directors and supervisors made in cash or share distribution. For any difference with the estimation amount for the year recognizing the expenses, the differences, reasons, and handling status shall be disclosed:

   The Company appropriated 1% and 2.25% from earnings in 2020 as remuneration of employees (NT$5,341,402) and remuneration of Directors (NT$12,018,154), respectively. Upon being passed as a resolution at the meeting of the Board on 4 March 2021, the remuneration was distributed in cash, and there is no difference from the expenses recognized in 2020.

   (2) Amount of remuneration of employees in shares and the ratios of the remuneration to the net profit after tax and to the total sum of remuneration of employees for the period: None.

4. Actual distribution of the remuneration of employees and Directors for the preceding year (including the number of share and amount distributed and share price), the differences with the recognized remuneration of employees and Directors, and the explanations on the differences, reasons, and handling status:

Item	Actual distribution	Estimation	Differences
Remuneration of employees	3,851,149	3,851,149	0
Remuneration of Directors	8,665,085	8,665,085	0
Total	12,516,234	12,516,234	0

(XI) Repurchase of the Company's Shares by the Company: None.

II. Corporate Bond/Preferred Shares/Global Depository Receipt:

(I) Corporate Bond: None.

(II) Preferred Shares/Global Depository Receipt: None.

III. Employee Stock Option:

(I) Outstanding Employee Stock Option and Effects on Shareholders' Interests: None.

(II) Names, Acquisition, and Subscription of Managers Acquired Employee Stock Option and Top Ten Employees in the Amount of Employee Stock Warrant Acquired with Subscription Amounts Reaching NT$30 Million and Above: None.

IV. Mergers with or Transfers of Other Companies' Shares for the Issuance of New Shares

(I) Mergers with or Transfers of Other Companies' Shares for the Issuance of New Shares Completed for the Latest Year and as of the Date of Publishing the Annual Report: None.

(II) Mergers with or Transfers of Other Companies' Shares for the Issuance of New Shares Passed as Resolutions at the Meeting of the Board of Directors for the Latest Year and as of the Date of Publishing the Annual Report: None.

V. Execution of the Capital Utilization Plan

(I) Content of the Plan:

Regarding previous issuance or private offering of securities had not completed or had been completed for the Latest three years but the effects of the plan had not shown, the content of the plan for each issuance or private offering of securities shall be explained in detail: None.

(II) Execution:

The case-by-case analysis on the use of the plans above as of the quarter preceding the date of publishing the Annual Report and the comparison on their execution and the estimated effects initially: None.

Chapter 5. Business Overview

I. Scope of Business

1. Scope of Business:

(1) Primary Content of the Scope of Business:

A. Manufacturing and sales of industrial heating equipment with constant temperature, accessories, and machine parts for electronics, textile, plastic, rubber, printing, chemical engineering, and aerospace.

B. Processing, manufacturing, and trading of UV dryer, plate solarization set, exposure machine, environmental testing equipment, industrial drying oven, IR dryer, convey dryer, precision testing oven, environmental chamber, muffle furnace, electric heating panel, vacuum oven, soldering furnace, vacuum impregnator, thermal cycling testing machine, auto punching pre-heat machine, dust-free room oven, auto exposure equipment, and UV surface cleaning machine.

C. Quotation, tender, and distribution for products related to the above paragraph for domestic or foreign suppliers.

D. E604010 Machinery Installation Construction.

E. CB01990 Other Machinery Manufacturing Not Elsewhere Classified

F. CE01030 Photographic and Optical Equipment Manufacturing

G. CB01010 Machinery and Equipment Manufacturing

H. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing

I. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import

J. F401010 International Trade

K. I199990 Other Consultancy

L. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Operating Proportion:

Product category	Ratio of sales in 2019	Ratio of sales in 2020
Equipment for light curing manufacturing process	12%	8%
Equipment for heat curing manufacturing process	41%	30%
Equipment for lithography laboratory (dry) manufacturing process	10%	13%
Equipment for lithography laboratory (wet) manufacturing process	22%	26%
Other products	15%	23%
Total	100%	100%

(3) Current Products (Services):

The fields of application for manufacturing process equipment produced by C Sun MFG. at present primarily include four major industries of PCB, FTD, semiconductor (including solar photovoltaics), and printing and coating; products developed for the manufacturing process of each industry is described as follows:

① **Printed Circuit Board (PCB) Industry:**

A. Equipment for light resistance (dry and wet film) manufacturing process: auto/manual lamination system, vacuum lamination system, wet film coating system.

B. Equipment for light curing/exposure manufacturing process, manual, semi-auto, and auto exposure equipment for inner and outer layer/dry and wet film/solder mask manufacturing process, high-end stepwise drying equipment, plate leveler, and new generation exposure machine.

C. Equipment for heat curing manufacturing process: hot air baking equipment, continual drying equipment plate leveler, pre-heat equipment, and oven economizer.

D. Others: Surface modification equipment, peeler, and consumables.

② **Flat Panel Display (FPD) Industry:**

A. TFT-LCD**:**

a. TFT array/Cell/CF manufacturing process, array section annealing baking equipment, array section laser repair equipment, array section probe frame, cell section PI baking/pre-baking equipment, cell section UV curing equipment, CF section hot air baking equipment, CF section IR drying oven, and CF section UV curing equipment.

b. TFT-LCM manufacturing process, aging test equipment, plasma cleaning and surface modification equipment.

c. Others: Automated system integration software for glass auto transportation system

B. Other FPD (Touch Panel/TN/STN)**):**

Exposure equipment, UV cleaning equipment, UV modification system, PI baking/pre-baking equipment, dust-free baking equipment, light-resistant coating equipment, auto/manual lamination system, large touch panel baking equipment.

③ **Semiconductor Industry and PV Industry:**

Wafer surface cleaning plasma processing equipment, high-clean/oxygen-free/hot air baking equipment, plasma deep etching equipment (DRIE and etcher), wafer dry film lamination equipment, PV Poly-Si crystal growth furnace, auto oven, pressure oven, and vacuum oven.

④ **Electronic Assembly Industry and Printing and Coating Industry:**

UV drying system, hot air baking equipment, and consumables.

(4) New Products (Services) to be Developed:

In response to the advancement of new PCB manufacturing processes, demand for yield improvement, and the increasing trend of labor cost in China, C Sun is actively developing lithography laboratory manufacturing process of high-automation, high positioning accuracy, and high energy-saving, including solder mask exposure machine, aligner, vacuum laminator, mounter, flexible panel R/R exposure machine, and flexible panel laminator.

For FPD, in response to the demand for new TFT LCD technology (such as the trend of IGZO, new manufacturing process, and large touch panel), C Sun continues to develop multiple front end manufacturing process baking equipment for TFT LCD, UV curing equipment, and thermal equipment related to LCM, and equipment for manufacturing process of OLED.

In addition, C Sun extended its core technologies in the manufacturing process for PCB lamination, developed the semiconductor wafer vacuum lamination system, semiconductor silicon wafer deep etching system, and high-end oven. Responding to the individual requirements of customers in the printing and coating industry, C Sun will continue developing the modified IV drying system and hot air baking equipment, and infuse the concept of environmental protection and energy-saving into the design of its products. Furthermore, C Sun will develop upstream key parts and components originally outsourced from upstream suppliers and increase its self-manufacturing items, in particular, consumables required by customers.

2. Industry Overview:

(1) Current Condition and Development of the Industry:

The primary customer base of the Company includes domestic and foreign TFT LCD panel/module manufacturers, solar cell/module manufacturers, touch panel/module manufacturers, LED chip manufacturers/packing and testing suppliers, PCB manufacturers, semiconductor manufacturers/packing and testing suppliers, electronic part manufacturers, computer peripheral manufacturers, sports shoes OEM manufacturers, and high-end printers. Therefore, the capital expenditure plans and prospects of the above customers are the key factors to the Company's ongoing growth momentum in the future.

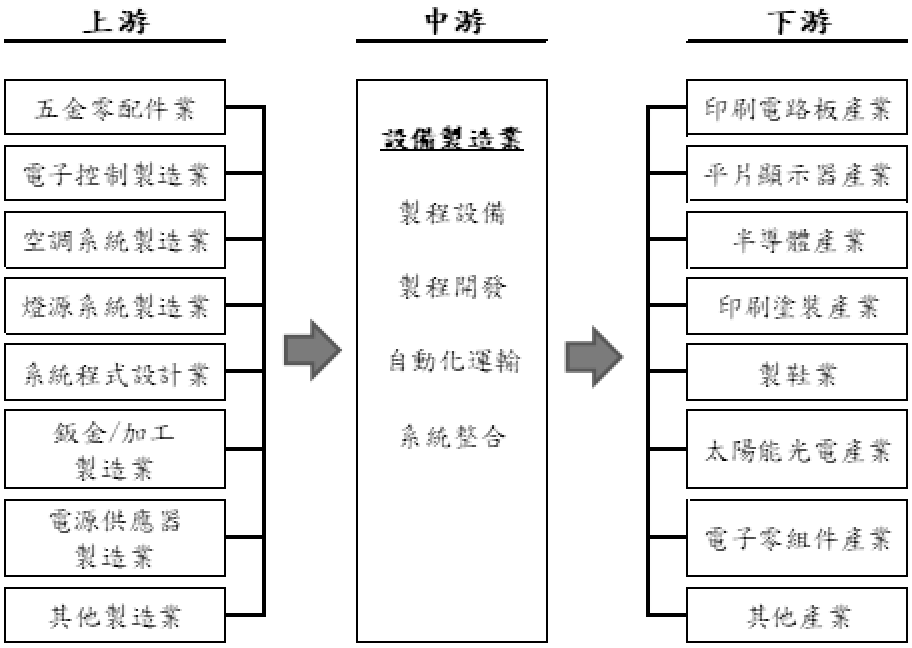
The PCB industry, in which the Company had been operating in the long run, provides the major basic parts required for all electronic products. In recent years, with the demand for consumer electronics in markets for LCD TV, NB, and touch mobile device (such as mobile phone and GPS), photovoltaic panel, IC substrate, HID panel and flexible panel recorded considerable growth, which indirectly gave rise to the steady development of the PCB industry in general. It is expected that the momentum for the primary demand of PCB is derived from the demand of the following policies and trend: (1) the increase in the penetration rate of LCD TV; (2) the re-surging of panels; (3) the rapid development of smart phone; and (4) the expanded application of LED.

For the FPD industry, the primary growth is derived from (1) the immense demand for the purchase of new mobile phones in the Chinese market; (2) the surge of LEC TV and 3D TV; and (3) the trend of large touch panel driven by iPad. The capital expenditure arising thereof is expected to manifest its effect in the following three years and be continued in the next generation.

For the semiconductor manufacturing/packing and testing industry, our major customers are expected to have prosperous business in the following three to five years. New fields such as MEMS and TSV and the application of new technologies provide additional application capacity for C Sun’s core technologies.

Moreover, green energy industries such as solar cells and LED lighting will be the start industries for five to ten years in the future. According to the forecast made by Display Research, the solar cell industry will have a high compound growth rate of over 50% in the following three years. In light of the demands for backlight and lighting substitution, the LED industry will see surging growth in the following five years.

(2) Connection between the Upstream, Midstream, and Downstream of the Industry:



Upstream	Midstream	Downstream
Hardware parts and component industry	Equipment manufacturing industry	PCB industry
Electronic control industry	Equipment for manufacturing process	FPD industry
A/C system manufacturing industry	Manufacturing process development	Semiconductor industry
Light source system manufacturing industry	Auto transport	Printing and coating industry
System program design industry	System integration	Shoe manufacturing industry
Sheet metal/processing and manufacturing industry		PV industry
Power supplier manufacturing industry		Electronic part and component industry
Other manufacturing industries		Other industries

(3) Development Trend of Macroeconomics and the Industry:

For the FPD industry, the Company continues to develop multiple next-generation equipment for the TFT manufacturing process (such as 3D effects and large touch panel) and improve the efficacy of equipment and import substitution rate, complying with the major development trend for the equipment development of domestic equipment suppliers.

For the PV industry, the development trend of products is the full-line or standalone demand for relevant import substitution equipment.

For the PCB industry, the product cycle of terminal consumer electronic products will shrink rapidly and the light, thin, short, and small demand for products is expected to significantly increase (such as substrate-like PCB (SLP) MSAP). The production equipment is able to process the demand for precision production in a fast manner and continue to improve production efficacy. For the thermal, drying, curing, and developing manufacturing process, the cutting efficiency for substrate materials is improved. The application of collimated beam and the degree of vacuum for thin routes, together with auto visual positioning, high precision, high dust-free/oxygen-free and automated system integration is the major trend for the development of manufacturing process equipment.

For the semiconductor industry, the packaging and testing of semiconductor products require higher precision and dust-free and oxygen-free degree due to the improvement and transition of the manufacturing process (such as copper manufacturing process and 3D IC). Furthermore, relevant equipment is primarily imported; therefore, the demand for continual promotion of import substitution regarding such equipment is the trend for relevant products.

The printing and coating industry is a relatively developed industry, the regional demand differs. In general, due to the increasing appeals to environmental protection, small 3C products, and diversification of materials, together with major printing machine suppliers in Germany and Japan actively seeking new cooperating suppliers to reduce the UV costs, UV drying products with features of energy-saving and low temperature becomes the major development trend for the UV drying manufacturing process equipment in the printing and coating industry.

(4) Market Competition:

The Company is the largest manufacturer of light and thermal manufacturing processes in Taiwan. As our scope of business covers a wide range of industries and the scope of application of our products spans vastly (including PCB, TFT LCD, semiconductor, PV, printing, coating, and shoes), the business coverage of companies within the respective industries only reach 20% to 40% as compared to that of the Company, and there are merely several companies existing in the respective industries, their business items share less homogeneity property with that of the Company.

3. Technology and R&D Overview:

(1) R&D Expenses Invested and Technologies or Products Successfully Developed for the Latest Year and as of the Date of Publishing the Annual Report:

Unit: NT$ thousands

Year	R&D development expenditure	Technologies or products successfully developed	Cooperating partner
2020	NT$258,182 thousand (accounted for 6.32% of the operating income)	RTR auto-exposure system, development of semiconductor equipment, exposure system network project (Science and Technology R&D Project), ABF peeler project, double cavity vacuum lamination line project, development of PI flexible display IR oven, large panel aging automated functions, vacuum lamination line, plasma asher module, and chemical water solution coating line	‧ Strategic cooperation with Japanese enterprises
2021 Q1	NT$58,726 thousand (accounted for 4.24% of the operating income)		

4. Long-term and Short-term Business Development Plan:

(1) Short-term Plan:

A. Marketing Strategy

a. Grasp the capital expenditure business opportunities for capacitive touch and 8.5 generation TFT LCD.

b. Promote equipment for the 2.5D/3D IC manufacturing process.

c. Focus on the existing market and continue to develop high-end products.

d. Continue to focus on the cross-strait markets and expand into Southeast Asia, India, Europe, the US, and Japan.

e. Redirect to the new energy field and demands for the focus on environmental change (circular economy).

B. Production Strategy

a. Adopt lean management to continue improving, reducing costs, and stabilizing quality; responding to the economic cycle and the era of meager profit for our R&D resources and materials is our primary task.

b. Improve the capacity for manufacturing and managing resources and materials and commit to the management of an optimized inventory.

c. Reinforce the design for modular and standard common parts and components and attach attention to environmental protection and waste reduction.

d. Improve the capacity for price negotiation and quality control for part and components, materials, and rough machining outsourcing.

e. Further complete, modify, and adjust the production and assembly work procedures for products, assembly specification, and manufacturing process inspection specification in favor of the manufacturability and standardization of production, and improve the capacity for the customized functions of products concurrently.

C. Product Development Strategy

Integrate our key core technologies, expand the product portfolio, extend the industrial applications, and cooperate with strategic partners in terms of technology and markets.

D. Quality Strategy

Adopt the PDCA (plan-do-check-act) circular management model to improve from QC to QA based on the ISO-9000 quality system, reinforce customers' satisfaction, and satisfy customers' quality requirements.

(2) Long-term Plan:

A. Marketing Strategy:

a. Focus on the self-owned brands.

b. Adopt the position as the leading light and thermal equipment supplier and customers' equipment R&D center.

c. Expand from the Greater China region market into emerging economies and developed countries.

d. Utilizing our advantageous product portfolio and integrated service solutions for market segregation and cooperate with strategic partners in terms of the market.

B. Production Strategy

a. Establish and develop a core supplier system. Assist our suppliers in improving their responding abilities for the economic cycle and the abilities of rapid and stable supplies in the China region.

b. Deepen the R&D capacity in Taiwan and China and focus on core technologies leading the industrial development.

c. Adjust the effective work division between the production bases in China and Taiwan in accordance with the circumstance and the, facilitate the economic industries, and cooperate with strategic partners in terms of R&D.

C. Product Development Strategy

With the foundation of our core technologies, extend the development of application fields in line with the development of technologies within the technology industry, emerging renewable energy industry, environmental protection and medical industries, and the market demand.

D. Quality Strategy

a. Aligning with the business growth of the Company, we adhere to quality, expertise, and steadiness. Introduce the QA system step by step to improve the Company's competitive advantages, satisfy customers' demand, and allow the Company to connect to the international standards.

b. Improve the overall customer-oriented services and create general values for customers.

II. Market, Production, and Marketing Overview

1. Market Analysis:

(1) Region of Sales: Taiwan, China, Japan, US, Korea, Singapore, Malaysia, Vietnam, Thailand, and India.

Distributors: Hong Kong (China), Japan, US, Korea, Singapore, Vietnam, Thailand, and India.

(2) Market Share

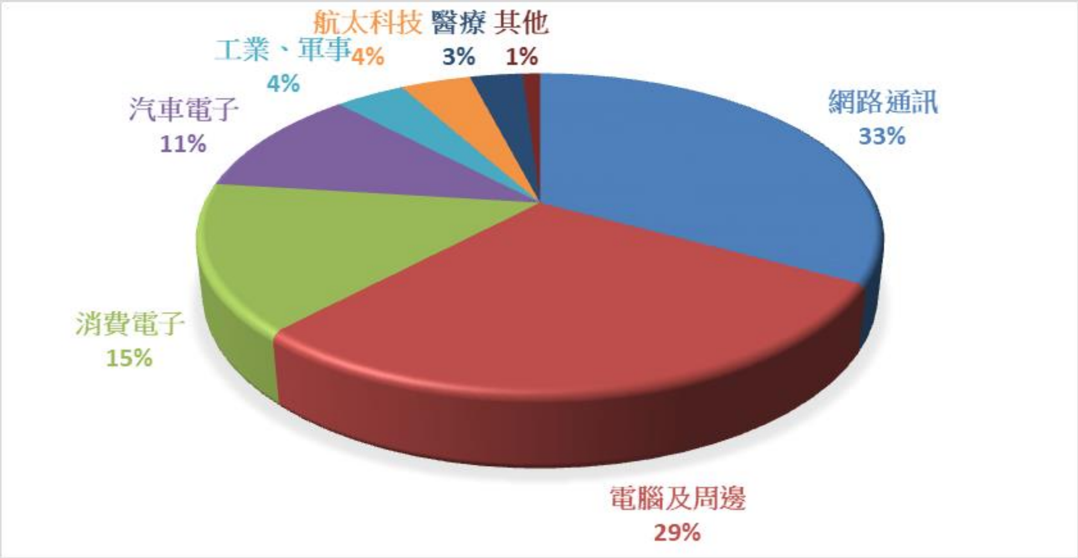
Based on the initial statistic data prepared by the Company regarding the Greater China region market, the market share of the Company in the Greater China region market for PCB/touch screen and lithography laboratory equipment is approximately over 50%. Furthermore, regarding equipment for the FPD (glass) industry, C Sun is the largest domestic producer for the TFT-LCD/glass type touch panel baking/curing equipment, with its multilayer oven products accounted for 50% of the market share and above for the manufacturing process over the 7.5 generation in Taiwan.

(3) Future Supply and Demand in the Market and Growth

C Sun is the leading supplier in terms of equipment for the manufacturing process of the electronic industries in Taiwan. We apply our integrated five major core technologies in the seven major industries to provide relevant manufacturing process solutions for the primary electronic industries in the Greater China region. The capital expenditure plans of the primary electronic industries serve as the crucial indicator for the market of C Sum's industrial products. Therefore, the following explanation sets the capital expenditure plans of the primary electronic industries as the crucial indicator for the supply and demand of C Sun's products and their growth.

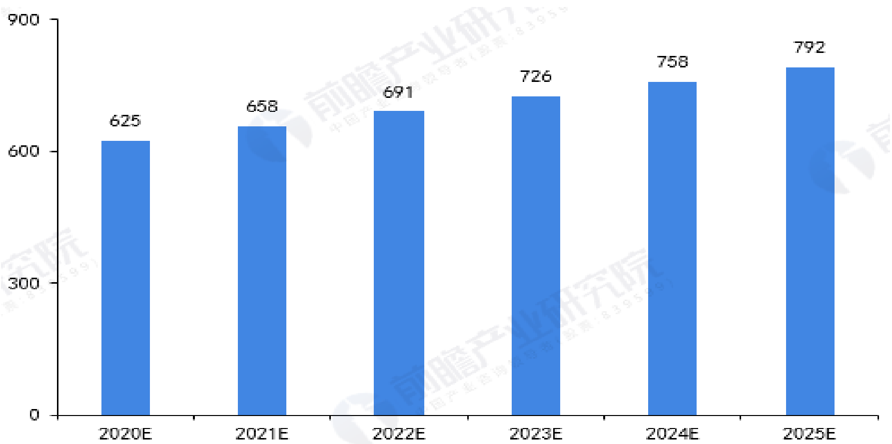
- **PCB:**

PCB is a necessary electronic part for electronic information products and has diversified downstream application fields, including network communication, automotive electronics, consumer electronics, computer and peripherals, healthcare, industries, military, and aerospace technology products. Given the rapid development of the electronic information industry and the automotive industry, the demand for electronic products has increase, which will further increase the business opportunities of PCB in the market. C Sun's customers primarily focus on terminal electronics such as information, communication, and consumer products.



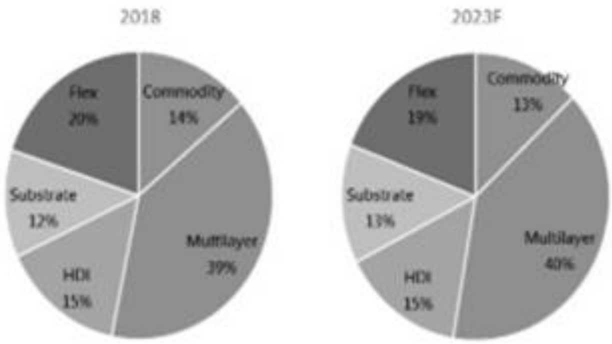
Consumer electronics	Automotive electronics	Industries and military	Aerospace technology
Healthcare	Others	Network communication	Computer and peripherals

The global PCB market is affected by COVID-19; however, given the rapid development of products related to 5G, it is estimated that the output value would reach $62.5 billion in 2020, representing a 2% annual growth rate. It is also estimated that the compound annual growth rate (CAGR) for the global PCB output value would be approximately 5% from 2020 to 2025, and the global PCB output value would be nearing $80 billion by 2025.



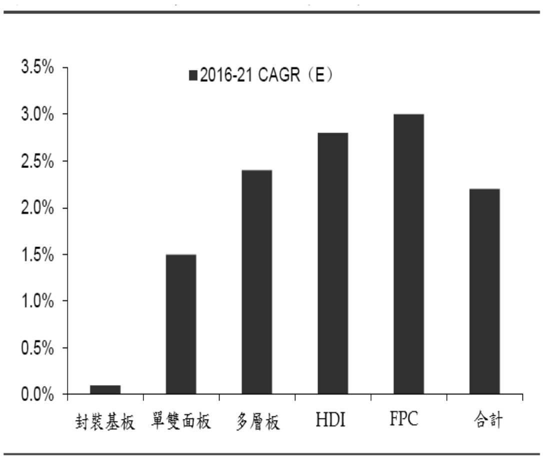
Source: Forward Business Research Institute (前瞻產業研究院)

Regarding the product category, multilayer panel, flexible panel, HDI, and substrate accounted for 40%, 19%, 15%, and 13%, respectively.

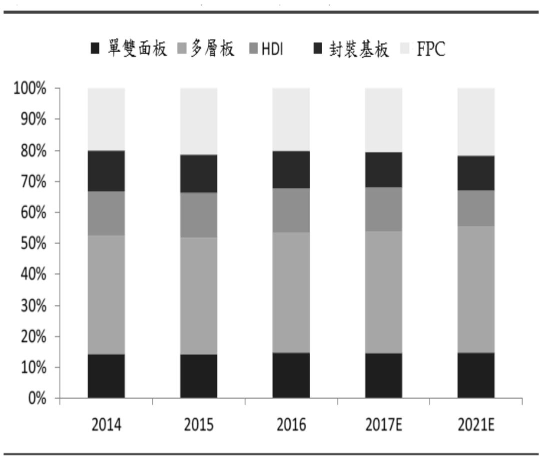


Source: Prismark

In recent years, regarding the product categories of PCB, the growth rate in FPC, HDI, and multilayer panel precedes the overall industry due to the innovative downstream application, development of 5G technology, increase in the complexity of automotive electronics, and the increase in the density of consumer electronics. According to Prismark, the CAGR of IC substrate, single-sided and double-sided PCB, multilayer panel, HDI, and FPC from 2016 to 2021 is estimated to reach 0.1%, 1.5%, 2.4%, 2.8%, and 3%, respectively, in which the output value of FPC recorded a significant increase in its proportion within the industry. In the future, it is estimated that FPC, HDI, and multilayer panels would be the primary beneficiaries.



资料来源：Prismark，华泰证券研究所



资料来源：：Prismark，华泰证券研究所

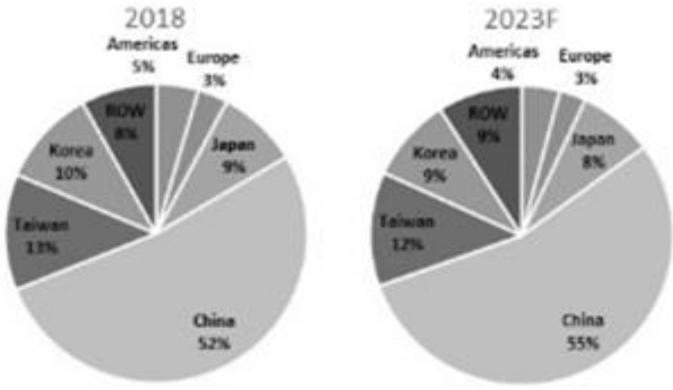
IC substrate	Single-sided and double-sided PCB	Multilayer panel	HDI

Single-sided and double-sided PCB	Multilayer panel	HDI	IC substrate

FPC	Total		
Source: Prismark and Huatai Securities Research Institute (華泰證券研究院)			

FPC			
Source: Prismark and Huatai Securities Research Institute			

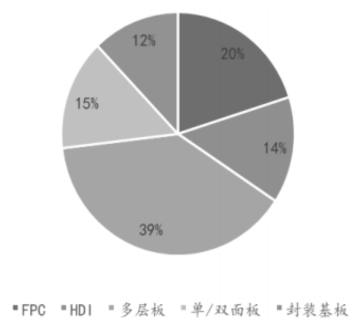
Before 2000, 70% of the global PCB industry primarily spread across Europe, America, and Japan. However, with the focus of the PCB industry moving to Asia, China and Asian countries have become the material developing region for the PCB industry. Since 2016, the output value of PCB in China has been accounted for over 50% worldwide. The status of China in the PCB industry has been steadily improved. As estimated by Prismark, the output value of PCB in China will account for 55% worldwide, maintaining its top position in the global PCB industry.



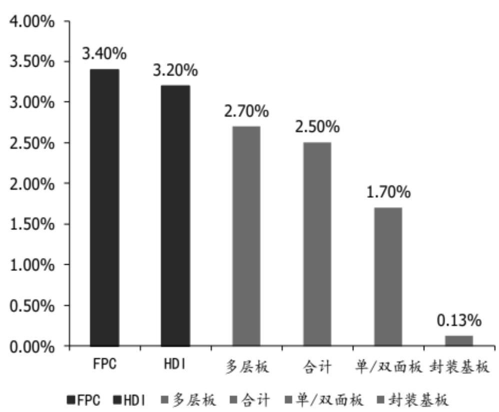
Source: Prismark

Leveraging on its cost advantages and immense downstream market, China possesses prominent advantages in multilayer panel, HDI, and FPC, and the industrial center is concentrating in China. The proportion of the top 30 PCB suppliers in the global output value had increased from 47% in 2007 to 61% in 2018, representing that the large-scale suppliers in the PCB industry still maintained their leading positions.

According to Prismark, among the global PCB industry, the output value of the corresponding industries related to the single-sided and double-sided PCB, multilayer panel, IC substrate, and flexible panel in China accounted for 14%, 39%, 15%, 12%, and 20% of the total output value of PCB in China, respectively. FPC and HDI are the two products that recorded the fastest growth that amounted to 3.4% and 3.2%.



资料来源：Prismark,



FPC	HDI	Multilayer panel	Single-sided/double-sided PCB
IC substrate			
Source: Prismark			

FPC	HDI	Multilayer panel	Total
Single-sided/double-sided PCB	IC substrate	FPC	HDI
Multilayer panel	Total	Single-sided/double-sided PCB	IC substrate

Taiwan is a close neighbor of China, the manufacturing industries on both sides of the strait develop together and continue to develop high-end products; therefore, Taiwan could benefit from the effect of the economic growth and new technology development in China. The following figure is the proportion of product categories of PCB in Taiwan. The IC substrate accounted for the highest proportion, followed by multilayer panel, HDI, and FPC. Under the light, thin, short, and small demand for electronic products, HDI allows the design of terminal products to be smaller and satisfies a higher standard for electronic properties and efficiency. The flexible panel allows a smaller product volume and lighter weight, possess flexibility that is able to change its shape to form the stereoscopic wiring based on the space, rendering advantages of improving the system's circuit density and decreasing the circuit error; flexible panel is widely used in communication products, consumer electronic products, and automotive.

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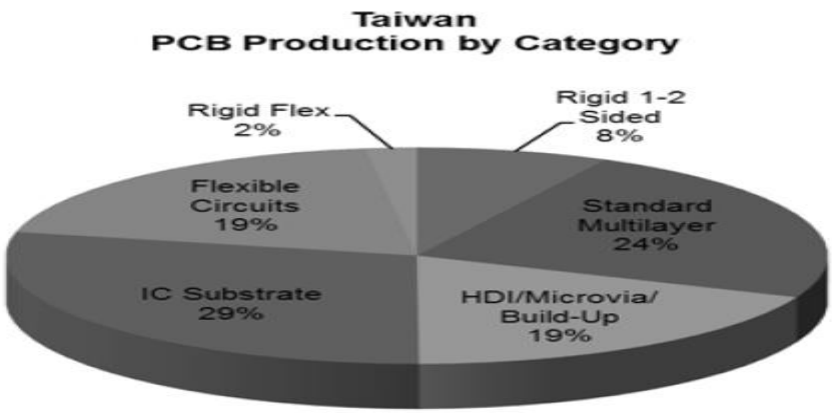


Source: Prismark

In 2020, constructions for 5G technology accelerated the growth of the PCB market and became the core driver for the future growth of the PCB industry. In recent years, the demand for consumer electronics and PC industries initially being the growth driver for the PCB industry is saturating. The 5G technology's advantages such as data transmission speed, mobility, transmission delay, and the number of terminal connections would facilitate IoT and improve the overall momentum for the production volume, and the diverse application would bring forward the development of the industry. In the 5G era, the signal transmission rate experienced an overall increase, the network traffic recorded explosive surge due to the downstream IoT and consumer electronics, the network capacity of 5G technology was significantly improved as compared with that of 4G, and the growth in the demand for PCB used in communication has continued, providing drivers for the overall PCB industry. In particular, as the 5G technology significantly improved in properties of the high-frequency, high-speed, dense circuit, low loss, and overall technical difficulty, the 5G technology would be a material opportunity of growth for the Taiwanese suppliers as they surpass Chinese suppliers in technical capacity and offer relatively lower prices than Japanese suppliers.

The following table sets out the demand for PCB within the 5G communication system, which shows the significant demand for various PCB products. The increase in the complication of circuits would give rise to the increasing applications of multilayer antenna; the higher frequency and better speed for 5G products require smaller Dk/Df materials, together with the increase in the number of layers for substrate and HDI; such circumstances will benefit the growth of the PCB industry.

應用領域		主要設備	相關PCB產品	特色
5G通訊系統	無線網	通訊基站	HDI, substrate, high layer count 多功能金屬基板	高密度、大尺寸、高多層、高頻材料混壓
	傳輸網	OTN傳輸設備、微波傳輸設備	HDI, substrate, high layer count, 高頻微波板	高速材料、大尺寸、高多層、高密度、軟硬結合、高頻材料與混壓
	數據通訊	路由器、交換機、服務/存儲設備	HDI, substrate, high layer count	高速材料、大尺寸、高多層、高密度、軟硬結合
	寬頻固網	OLT, ONU等光纖到戶設備	HDI, substrate, high layer count	多層板、軟硬結合

Application field		Primary equipment	Relevant PCB products	Feature
5G communication system	Wireless network	Communication base station	HDI, substrate, high layer count, multi-function metal substrate	High density, large, high layer count, high-frequency materials, and mixed pressure
	Transmission network	OTN transmission equipment, microwave transmission equipment	HDI, substrate, high layer count, microwave substrate	High-speed materials, large, high layer count, high density, rigid-flex board, high-frequency materials, and mixed pressure
	Digital communication	Router, exchange, service/storage equipment	HDI, substrate, high layer count	High speed materials, large, high layer count, high density, and rigid-flex board
	Broadband fixed network	OLT, ONU, and other fiber to the home (FTTH) equipment	HDI, substrate, high layer count	Multilayer panel and rigid-flex board

PCB產業技術發展藍圖

Parameters	HDI/ELIC			High Layer Count			FPC		
Feature	2017	2019	2021	2017	2019	2021	2017	2019	2021
Line Width/Spacing									
Inner layer	25/25um	20/20um	20/20um	50/50um	40/40um	30/30um	10/10um	9/9um	8/8um
Outer Layer	30/30um	25/25um	25/25um	60/60um	40/40um	30/30um	20/20um	15/15um	10/10um
Line width tolerance	6um	6um	6um	6um	6um	6um	4um	3um	2um
Through Vias									
Through via diameter(min)	100um	100um	100um	200um	150um	100um	30um	30um	20um
Through via pad diameter (min)	200um	200um	200um	400um	350um	350um	80um	70um	60um
Through via aspect ratio (max)	—	—	—	18	22	30	—	—	—
Blind Vias									
Blind via diameter (min)	60um	60um	50um	75um	75um	65um	50um	50um	30um
Blind via pad diameter (min)	135um	110um	110um	175um	150um	110um	100um	90um	80um
Blind via aspect ratio (max)	1.2	1.2	1.2	1.2	1.2	1.2	0.8	1	1.2
Via Stacking Counting	13	15	17	5	6	7	—	—	—
Interconnect Pitch									
BGA / Ball pitch (min)	0.35mm	0.3mm	0.25mm	0.5mm	0.35mm	0.35mm	0.3mm	0.3mm	0.3mm
Materials and Design Parameters									
Dielectric Materials Parameter									
Dielectric thickness(min,um)	25	20	20	38	25	20	5(PI)	5(PI)	5(PI)
Tg(min)	210℃	210℃	210℃	210℃	210℃	210℃	>300℃	>300℃	>300℃
Dielectric constant (Dk-1GHz)(RC≧50%)	< 3.0	< 3.0	< 3.0	< 3.2	< 3.2	< 3.0	<2.8	<2.8	<2.8
Dissipation factor (Df-1GHz) (RC≧50%)	< 0.01	< 0.01	< 0.006	0.005	0.004	0.003	<0.006	<0.006	<0.006

Parameters	Rigid-Flex			PP Type Substrate			Film Type Substrate(ABF)		
Feature	2017	2019	2021	2017	2019	2021	2017	2019	2021
Line Width/Spacing									
Inner layer	30/30um	30/30um	25/25um	12/12um	8/10um	7/7um	20/20um	12/12um	9/12um
Outer Layer	40/40um	40/40um	30/30um	10/10um	8/8um	5/5um	10/10um	3/3um	2/2um
Line width tolerance	8um	8um	5um	4um	3um	3um	<=30%	<=30%	<=30%
Through Vias									
Through via diameter(min)	100um	100um	75um	65um	60um	55um	75um	65um	65um
Through via pad diameter (min)	250um	250um	200um	100um	90um	80um	125um	105um	100um
Through via aspect ratio (max)	—	—	—	1.5	2	2.5	—	—	—
Blind Vias									
Blind via diameter (min)	75um	65um	50um	65um	55um	45um	60um	30um	20um
Blind via pad diameter (min)	150um	150um	140um	90um	80um	70um	85um	60um	50um
Blind via aspect ratio (max)	1.2	1.2	1.2	0.8	0.8	0.6	0.55	0.6	1
Via Stacking Counting	11	11	11	one side 4	one side 4	one side 4	7	8	8
Interconnect Pitch									
BGA / Ball pitch (min)	0.3mm	0.3mm	0.25mm	0.3mm	0.25mm	0.17mm	0.4mm	0.3mm	0.25mm
IC bump pitch (min)	—	—	—	110um	100um	90um	110um	90um	80um
Wire bond pad pitch (min)	—	—	—	65	60	55	—	—	—
Materials and Design Parameters									
Dielectric Materials Parameter									
Dielectric thickness(min,um)	12.5(PI)	12.5(PI)	12.5(PI)	20	15	10	15	10	10~
Tg(min)	170℃(Rigid	170℃(Rigid)	170℃(Rigid	270℃	300℃	300℃	170℃	>170℃	>170℃
Dielectric constant (Dk-1GHz)(RC≧50%)	< 3.2 (PI)	< 3.2 (PI)	< 3.2 (PI)	< 3.5	< 3.0	< 2.5	<3.2	<3.2	<3.2
Dissipation factor (Df-1GHz) (RC≧50%)	< 0.004 (PI	< 0.004 (PI)	< 0.001 (PI	0.006	0.005	0.004	0.004	0.003	<0.003

資料來源：TPCA(2017)

Technology Development Blueprint for the PCB Industry
Source: TPCA (2017)

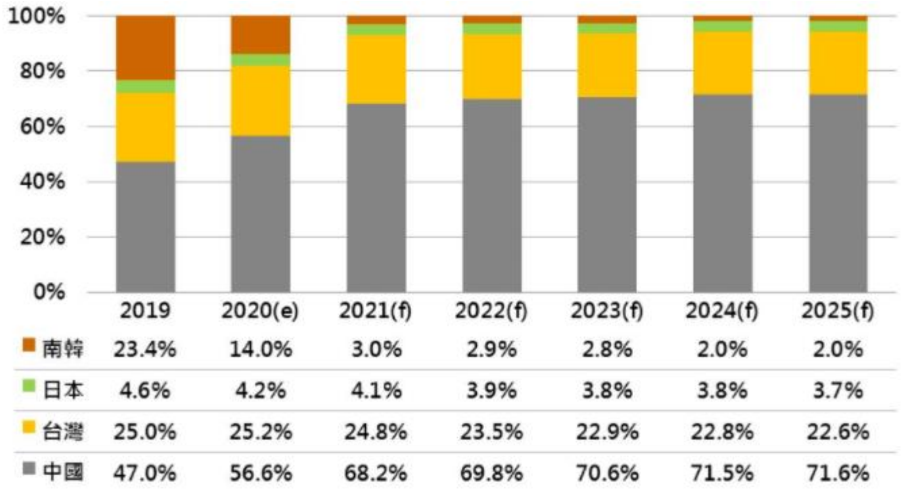
Look back on 2020, the global terminal demands in the first half of the year recorded a general down drop due to the effect of COVID-19. However, with the continual development of 5G network era, the scale of the global output value of PCB amounted to approximately $62.5 billion, representing an increase of 2% as compared with 2019. According to the latest data published by TPCA, the output value of Taiwanese businesses in the PCB industry in Taiwan and China amounted to NT$696.3 billion in 2020, representing a growth of 5.1% as compared with 2019. The output value continued to achieve new height and recorded growth for four consecutive years. Regarding the overall output value of Taiwanese businesses, Taiwanese suppliers maintain their leading position in the global market share in 2020. For the performance of PCB products of Taiwanese businesses, IC substrate and HDI recorded the most outstanding performances. Benefiting from the high-end calculation chips, smart manufacturing, high-speed memory, the demand for advanced manufacturing processes for IC substrate increase, with a growth rate amounted to 16%. Given the recession of the mobile market, the high specification of smart mobile substrate gave rise to the growth rate of HDI of 9.6%. The growth rate of flexible panels was 6% due to the delay in product launch of and the great demand for the mobile produced by a US company. Benefiting from the remote business opportunities and the recovery of laptops and global vehicle sales volume, the multilayer panels recorded growth from the sluggish demand at the beginning of the year to great demand at the end of the year, and the growth rate was 2%. Rigid-flex board is the only product that recorded negative growth. Under the impacts of various unfavorable news, including cell demand affected by the global shipment of mobiles, the concurrent recession of automotive electronics, and the adoption of SiP and flexible panel design of Air Pod Pro at the end of 2019, Rigid-flex board manufacturers began to seek new markets due to product reformations.

Looking into 2021, in the post-COVID-19 era, the global economy would recover significantly, with governments from different nations sparing no effort in boosting markets. According to the IMF’s estimation, the global economic growth rate in 2021 is likely to receive a robust growth that amounted to 5.5%, representing a material improvement as compared with the recession of 3.5% in 2020. Due to the mature development of the PCB industry’s product applications and the diverse development of new trends, the PCB industry in Taiwan benefits from the new technologies and constantly increases the industrial capital investment. With the increase in new applications and niche application products and the upcoming 5G era, the outlook of the PCB industry's growth remains positive.

- **FPD Market:**

The 21st century is an era of the attention economy. Pictures and images are everywhere in our lives. Different information is transmitted visually. The intermediate media is FPD products. Visual products span from mobiles, GPS, and other hand-held devices to PC's monitor, laptop's monitor, flat-screen TV, outdoor billboard, and e-book. Relevant products have been constantly developed and improved, including technologies of AMOLED, TFT LCD, TN/STN/CSTN LCD, OLED, and PDP. In the future, with the continued rapid growth of the visual industry driven by demands, new technologies and products of 8K and 4K UHD display and VR will be introduced to people's lives one after another.

In the past, the display industry mainly concentrates in Japan, Taiwan, and Korea. In recent years, Mainland China had become the largest LCD panel production base worldwide due to its rapid expansion of production capacity for panels and the cost advantages. In 2020, as Korean companies reduced the LCD production lines in Korea and the ownership of the 8.5 generation plant of Samsung in Suzhou had been transferred to TCL Technology, the proportion of large panels produced by China achieved 56.6%; its market share recorded a significant increase of 9.6% as compared with the preceding year; it is estimated that the market share would continue to grow to 68.2% in 2021.



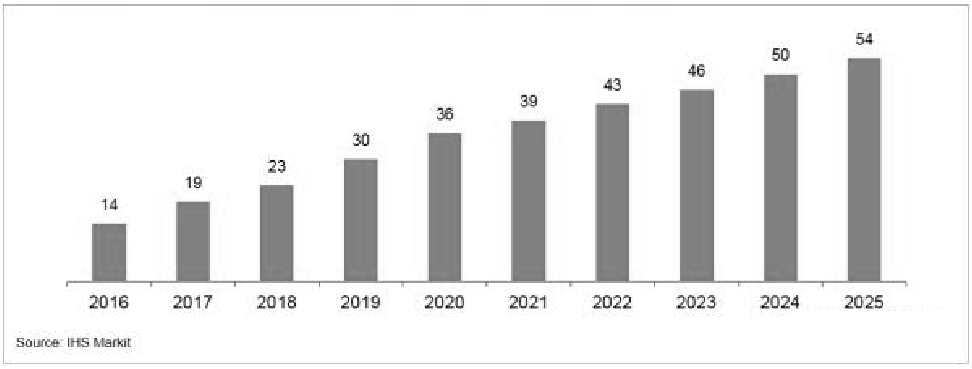
資料來源：DIGITIMES Research，2020/9

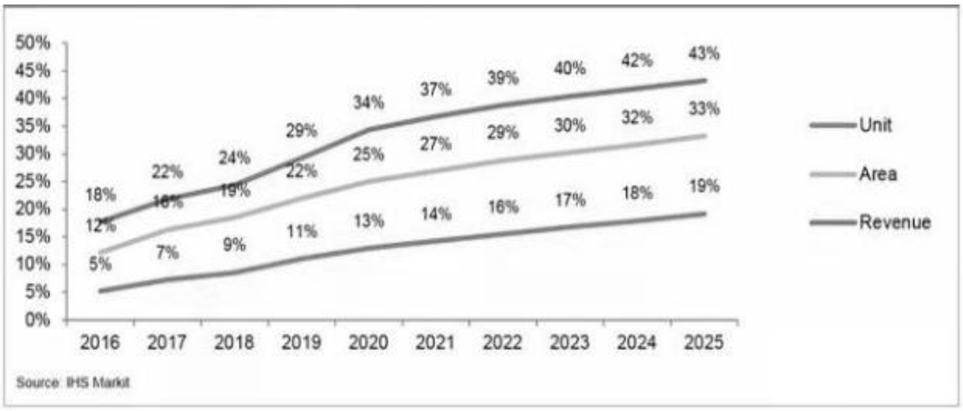
South Korea
Japan
Taiwan
China
Source: DIGITIMES Research, September 2020

For the large panel, BOE is the top supplier in terms of shipping volume, accounted for 20.4% of the shipment volume; therefore, BOE is a major supplier that drives the increase in the proportion of shipment in the China region to the globe, representing that China has become a market not to be neglected as the Chinese influences had significantly increased.

Others	BOE	China Star Optoelectronics	LG Display	AU
Innolux	Samsung			
Source: Compiled by Omdia Forward-looking Industry Institute (Omdia 前瞻產業研究院)				

Products in the display market include TV, CCTV, NB, and tablet and mobile screen, among which TV is the most influential due to the panel area consumed TV. The increase in the sales volume of TV panels and the advances of technologies give rise to the large TV screen. In recent years, TV above 50 inches and even reaching 60 inches has become the product that consumers select to purchase. According to the following figure, the shipping volume of TV panels of 60 inches and larger sizes will exceed 20,000,000 pieces and reach 23,000,000 in 2018, and it is expected to reach 54,000,000 pieces in 2025, accounting for 19% of the demand for TV panels. From 2016 to 2025, the total market share based on the shipping area is estimated to record a growth of three times, achieving 33%.





The production size is likely to bring forward economic benefits. The following table sets out the panel generation production lines, the number of pieces cut regarding the corresponding TV panel sizes, and the cutting efficiency.

世代	尺寸(mm)	22吋	27吋	32吋	37吋	42吋	46吋	52吋	57吋	65吋
G5	1100*1300	8/75%	6/84%							
G6	1500*1800	15/72%	10/72%	8/81%	6/82%					
G7	1870*2200		15/73%	12/82%	8/73%	8/95%	6/85%			
G8	2160*2460			15/80%	12/85%	8/73%	8/88%	6/84%	3/51%	2/44%
G10	2850*3050					15/84%	12/81%	8/69%	8/82%	6/80%

Generation	Size (mm)	22 inches	27 inches	32 inches	37 inches	42 inches	46 inches	52 inches	57 inches	65 inches

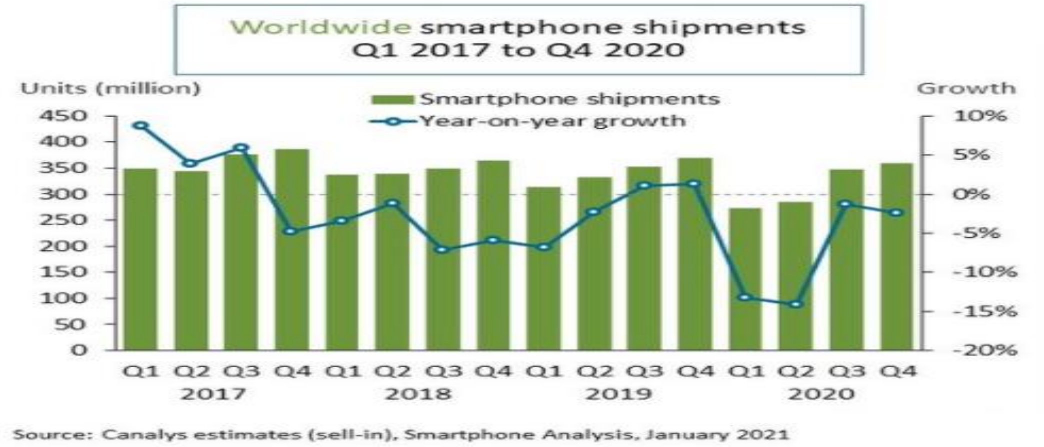
The following figure sets out the growth estimation of TV inches from 2018 to 2026. According to Omdia's data, the average size of TVs in 2020 would increase by 1.7 inches as compared to that of 2019, and it is estimated that the increase in 2021 would reach 2 inches.

	2018	2019	2020	2021	2022	2023	2024	2025	2026
LCD TV	44.1	45.4	47.0	49.0	49.7	50.2	50.6	51.0	51.5
OLED TV	58.9	59.4	60.2	60.1	60.8	61.4	62.0	62.2	62.4
Grand total	**44.3**	**45.6**	**47.3**	**49.3**	**50.0**	**50.6**	**51.0**	**51.5**	**52.2**

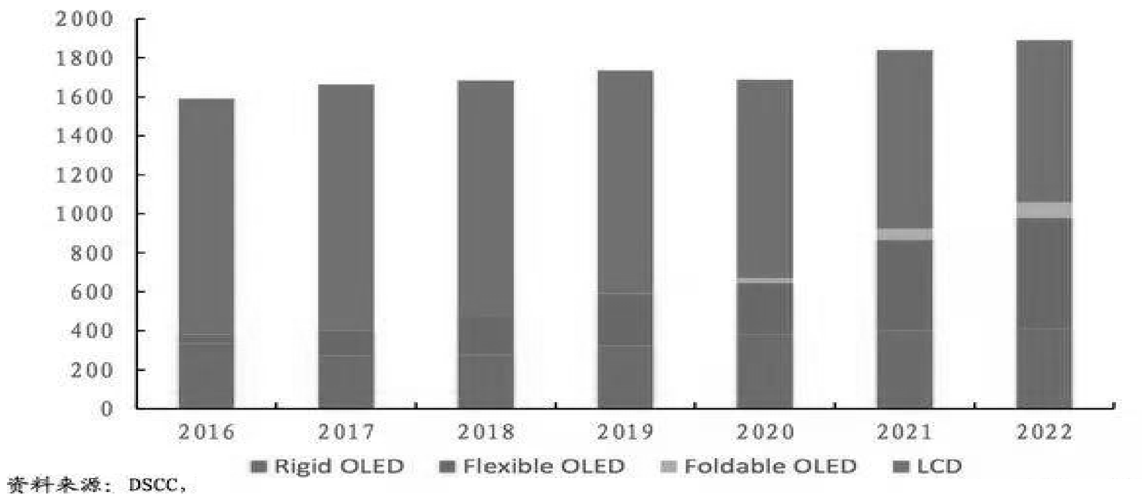
Source: Omdia

For small-to-medium-sized panels, the following figure is the sales volume of smart mobiles. Currently, the number of mobiles being used worldwide exceeds

5,000,000,000. After years of development, the market of smart mobiles is nearing saturation. Due to the effect of COVID-19, the sales volume of smart mobiles in 2020 was 1,247,000,000, representing a decrease of 11% as compared with 2019. Looking into 2021, entering into the post-COVID-19 era, the delayed demand from 2020 gradually emerged, together with the continual improvement of 5G mobiles' penetration rate, the shipping volume of smart mobiles is likely to resume to the sales level in 2018.



Currently, small-to-medium-sized AMOLED technologies are relatively developed and widely used in product fields of smart mobiles, wearable devices, and VR. According to the forecast data in the DSCC's report, the shipping volume of OLED mobile panels (including rigid, flexible, and foldable panels) in 2021 would exceed that of LCD. In the long run, the global AMOLED panel income would continue to maintain its growth by double-digits, reaching the peak of 32% in 2020 and increased to $57.2 billion in 2022.



Source: DSCC

In response to the rapid growth in demand for the past few years, panel suppliers in China have been actively expanding their production capacity for the new era panels since 2016 (including the establishment of production lines for panels from 8.6 generation to 10.5 generation), driving the relatively great increase for the global panel production capacity from 2016 to 2019. The following figure shows the changes in the production capacity of global panel production lines; BOE, CEC Panda, HKC, China Star Optoelectronics, and Foxconn Technology Group have joined the expansion trend.

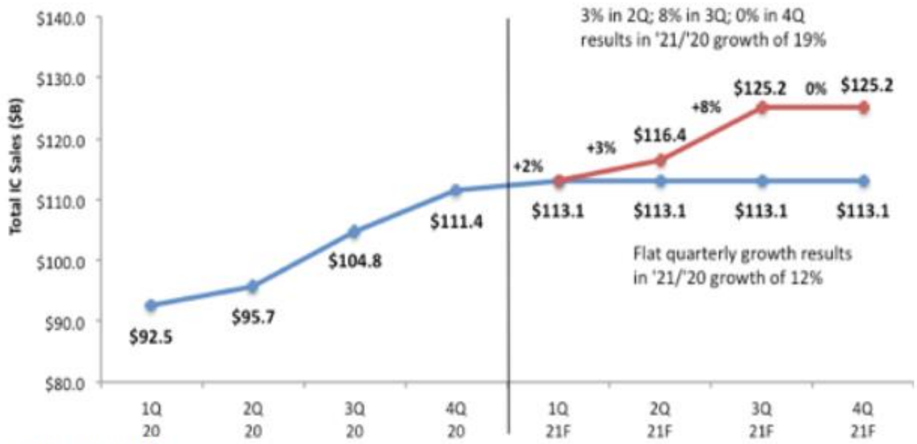
面板廠	世代	地點	量產時間	產能(萬片/月)	技術
京東方	Gen10.5	合肥	2018	12	TFT-LCD
	Gen6	成都	2017	4.8	AMOLED
	Gen8.5	福州	2017	12	TFT-LCD
	Gen6	綿陽	2019	4.8	AMOLED
	Gen10.5	武漢	2020	12	TFT-LCD
華星光	Gen6	武漢	2017	3	TFT-LCD
	Gen6	武漢	2020	4.5	AMOLED
	Gen11	深圳	2019	14	TFT-LCD+AMOLED
熊貓	Gen8.6	成都	2018	12	TFT-LCD
天馬	Gen6	武漢	2017	3	AMOLED
和輝	Gen6	上海	2019	3	AMOLED
維信諾	Gen6	昆山	2018	3	AMOLED
彩虹	Gen8.6	咸陽	2018	12	TFT-LCD
惠科	Gen8.5	重慶	2017	7	TFT-LCD
	Gen8.6	徐州	2020	12	TFT-LCD
信利	Gen5	汕尾	2018	5	TFT-LCD
	Gen5	眉山	2019	1.4	TFT-LCD
	Gen6	眉山	2020	3	AMOLED
鴻海	Gen10.5	廣州	2019	9	TFT-LCD

Looking back to 2020, benefiting from the domestic demand due to COVID-19, the shipping volume of large TV display panels amounted to 268,000,000, representing growth as compared with 2019. Also, due to the acquisition and integration of display suppliers in China and the exit and production reduction of suppliers in Korea, the supply and demand are achieving a balance, and the panel price has increased. Looking into 2021, the robust demand for large TV display panels continues, and the panel prices show an increasing trend. The prices of panels with the mainstream specification will exceed the high point since Q2 in 2017, bringing forward the upward growth of profits in 2021. Meanwhile, orders placed to relevant equipment suppliers would also benefit from the strong demand of the industry. The capital investment of panel suppliers would increase, and the operating momentum is expected to be positive.

- **Semiconductor Market:**

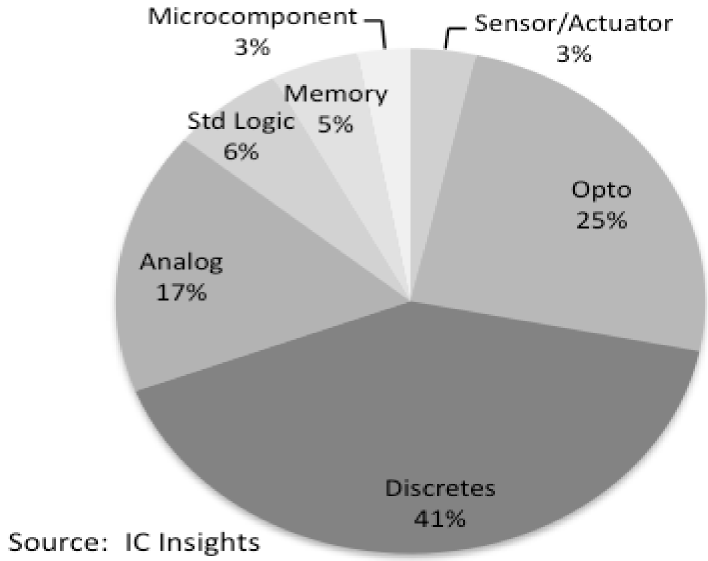
The semiconductor industry covers a wide range of businesses, which could primarily be divided into the upstream IP design and IC design industries, midstream IC manufacturing, wafer manufacturing, relevant production process testing equipment, photomask, chemical industries, and downstream IC packaging and testing, relevant production process testing equipment, parts and components (such as substrate and lead frame), IC module, IC channel industries. Companies in the industries perform their own functions. From the completion of product design by IC design company, manufacturing of semi-finished wafer by commissioned professional wafer OEM suppliers or IDM suppliers (integrated semiconductor suppliers that provide one-stop services from IC design, manufacturing, packaging, testing, to the final sales), front-end testing, cutting and packaging subsequently made by professional packaging suppliers, to the back-end testing performed by professional testing suppliers in the end. After being tested, finished goods are sold to system suppliers via the sales channel for the suppliers to carry out assembly production to transforms such finished goods into system products and sell to every corner of the world. The semiconductor industry in Taiwan develops early and possesses leading advantages in talents and technologies; therefore, Taiwan owns the most comprehensive semiconductor industry cluster and professional work division worldwide.

Even though affecting the global economy, COVID-19 also accelerated the digital transformation of the global economy and gave rise to the increase in the sales volume of new electronic systems. In the second half of 2020, benefitting from the demand for cloud computation and remote working and learning equipment, the semiconductor market saw a general upswing in its performance. According to the latest report of IC Insights, the overall semiconductor industry recorded quarterly growth for the past year. Meanwhile, with the popularization of vaccines and the opening and increasing recovery of the economy, multiple semiconductor companies had issued their robust Q1 forecast for 2021. It is estimated that the stable demand will rise and continue until the end of 2021 and bring forward the scale of the semiconductor market to $479 billion in 2021.

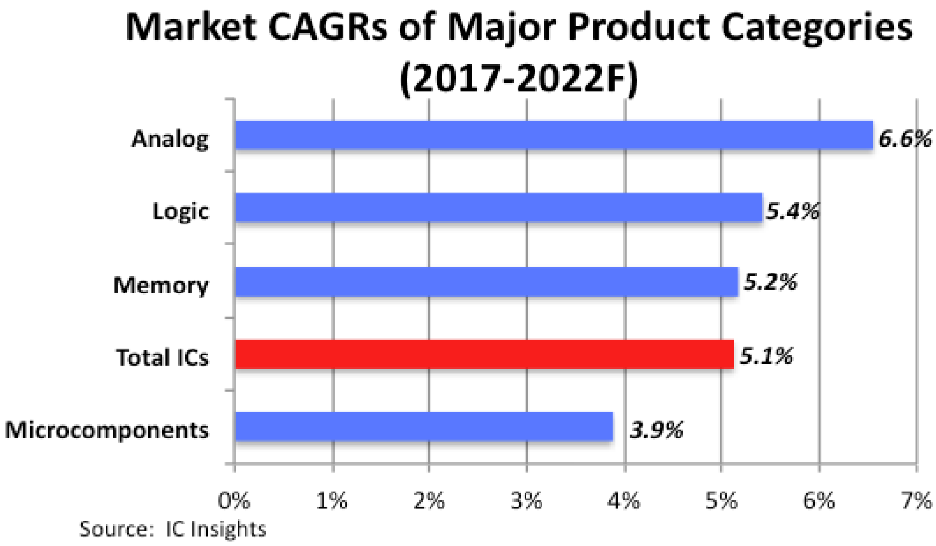


Source: IC Insight

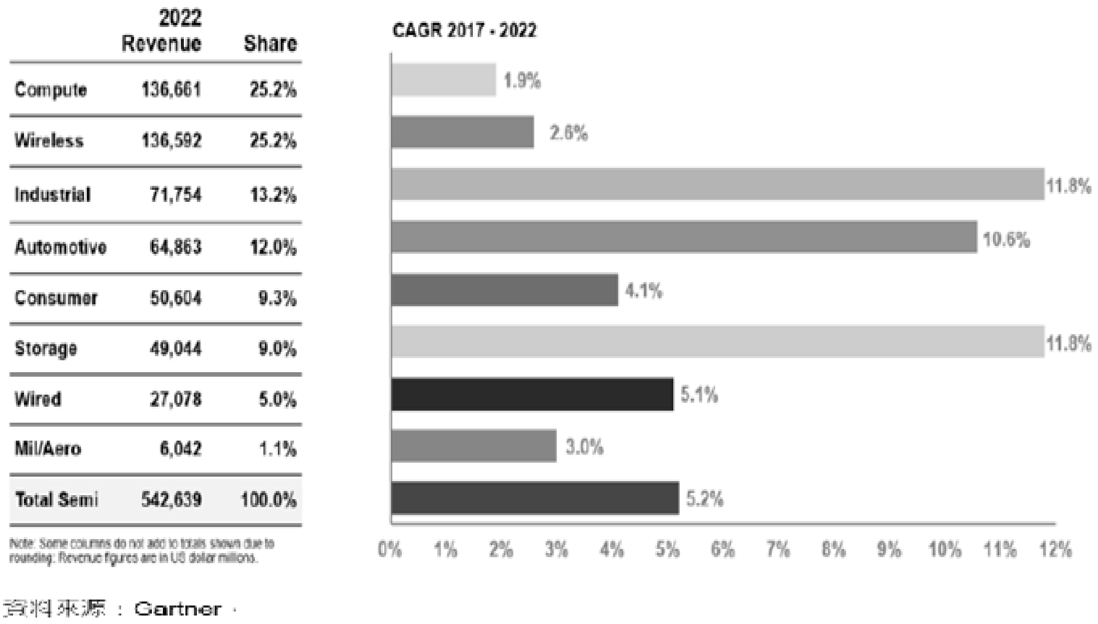
It is estimated that the ratio of O-S-D to the total shipping volume of semiconductors would continue to grow. In 2020, the differences between the ratios of IC and O-S-D to the total shipping volume exceeded 2:1; however, O-S-D would become mainstream. It is estimated that O-S-D would account for 69% of the total shipping volume of semiconductors, and the remaining would account for 31%.



According to IC Insights' data, analog (6.6%), logic (5.4%), and memory (5.2%) products recorded a performance favorable than the overall industrial average regarding the CAGR of primary semiconductor products from 2017 to 2022 by products.



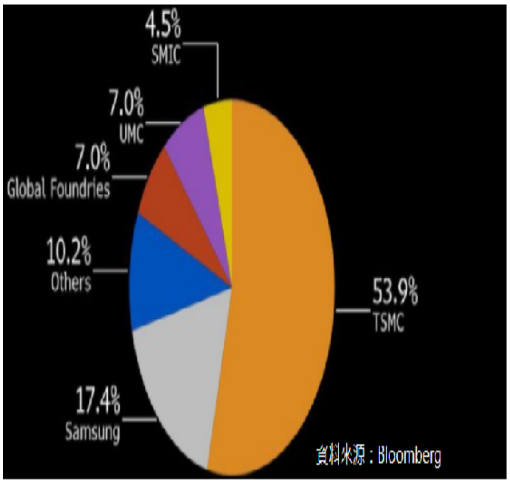
Based on Gartner's estimation, the market with high growth in CAGR shall be industrial electronics, data storage, and automotive electronics, in which the industrial electronics and data storage products recorded the highest CAGR of 11.8%, followed by the automotive semiconductors, with the CAGR amounted to 10.6% from 2017 to 2022. Looking into 2020, categories that recorded the highest shipping volume growth primarily are smart mobile, automotive electronics, AI, cloud and the "Big Data" system, and deep learning applications.

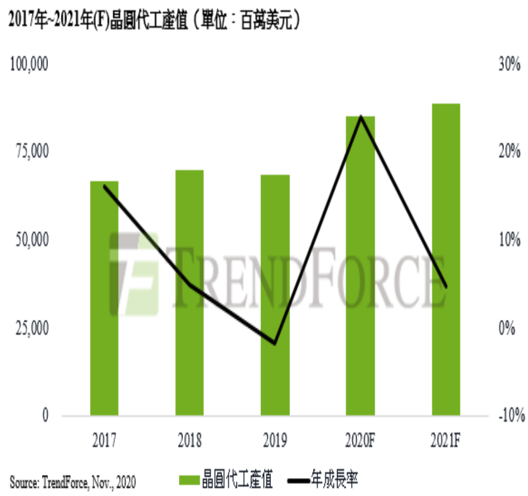


	2022 Revenue	Share
Compute	136,661	25.2%
Wireless	136,592	25.2%
Industrial	71,754	13.2%
Automotive	64,863	12.0%
Consumer	50,604	9.3%
Storage	49,044	9.0%
Wired	27,078	5.0%
Mil/Aero	6,042	1.1%
Total Semi	542,639	100.0%

Source: Cartner

Due to the increase in difference demands, wafer OEM suppliers have maintained their strong momentum in growth, and recorded performance against the adverse trend within the semiconductor industry worldwide. In 2020, the global wafer OEM output value will reach as high as 23.8%, making a new breakthrough over the peak for the past ten years. In particular, TSMC becomes the major leader for the growth of industrial momentum due its advanced manufacturing process technologies overpowering other competitors worldwide.

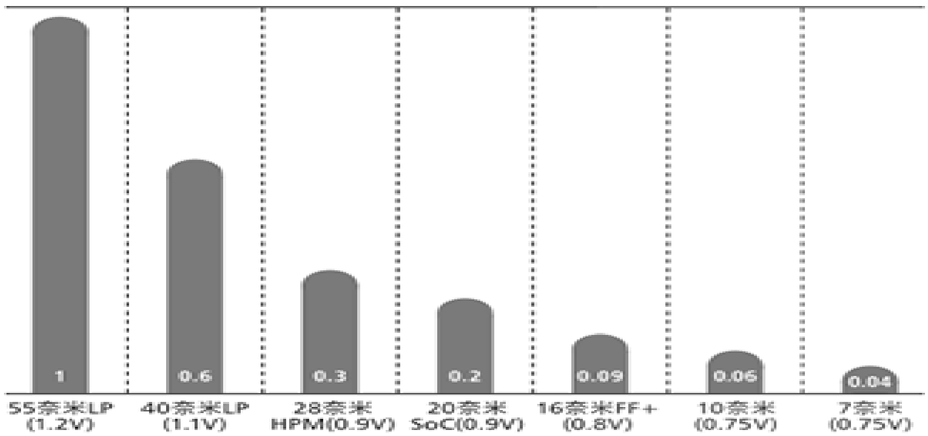




Source: Bloomberg	Wafer OEM output value from 2017 to 2021 (F) (Unit: $ million)	
	Wafer OEM output value	Annual growth

In response to the advantages of small volume, reduced power dissipation, improved efficacy, and thermal energy, the semiconductor sector continues to invest in the advanced manufacturing process to maintain its competitiveness. The advanced manufacturing process had become the development focus of wafer suppliers at the current stage.

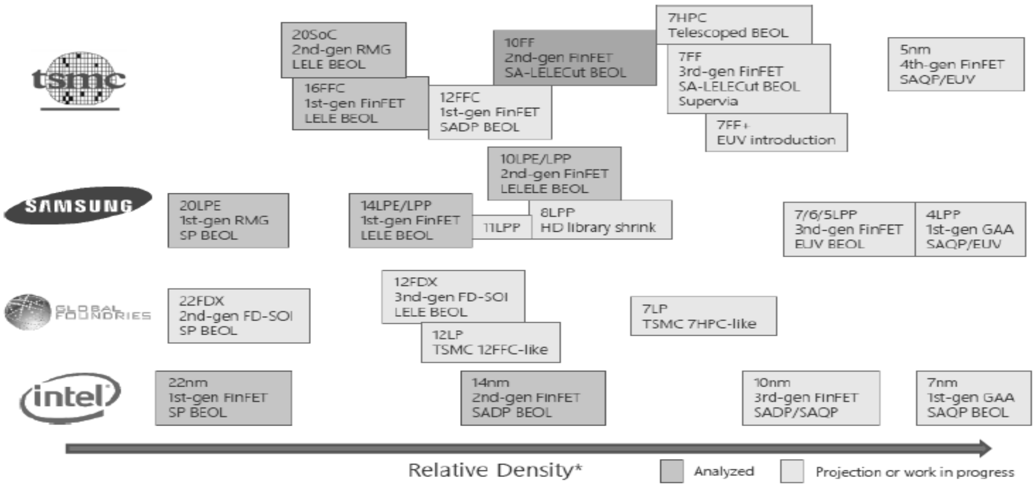
The following is the comparison figure of electricity consumption for the advanced manufacturing process. It is evident that the electricity consumption of the advanced manufacturing process drops significantly. Such advantages give rise to the willingness of suppliers for consumer products to adopt the new generation chip products.



SS nm LP (1.2V)	40 nm LP (1.1V)	28 nm HPM (o.9V)	20 nm SoC (0.9V)	16 nm FF+ (0.8V)	10 nm (0.75V)	7 nm (0.75V)

The technology development for the wafer OEM industry remains its focus on technology scaling as micromation is the fastest way to improve IC's performance, so as to render a better effect with more circuits extending in a smaller space. The following figure is the estimation for the changes in the advanced manufacturing process and the technologies for the new manufacturing process in the semiconductor industry. In particular, TSMC commenced its mass production for the 7 nm manufacturing process and introduced the 5nm manufacturing process in 2020; it is estimated that TSMC would commence the mass production of 3 nm products in the second half of 2022. TSMC is the major beneficiary for the new technology advancement as its technology is constantly ahead of other wafer OEM suppliers.

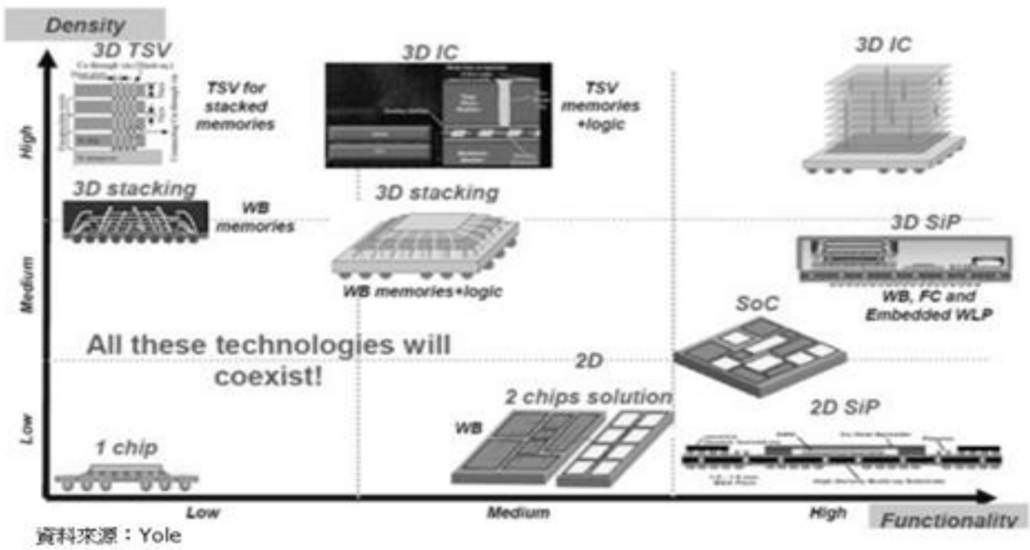
source：IC Insights



資料來源：TechInsight

Source: TechInsight

Among packaging technologies in different systems, 3D TSV (through-silicon via) packaging technology is the connection technology most likely to allow the advancement of packaging according to Moore's Law; its design concept derives from the multilayer design of PCB. TSV allows the stacking of multiple chips resembling sandwiches, and it is a 3D stack packaging method that allows the connection of electricity. TSV allows the 2D flat chip assembly technology to advance into the 3D stacking technology. Currently, wafer OEM and packaging suppliers have been actively introducing 3D IC packaging.



Source: Yole

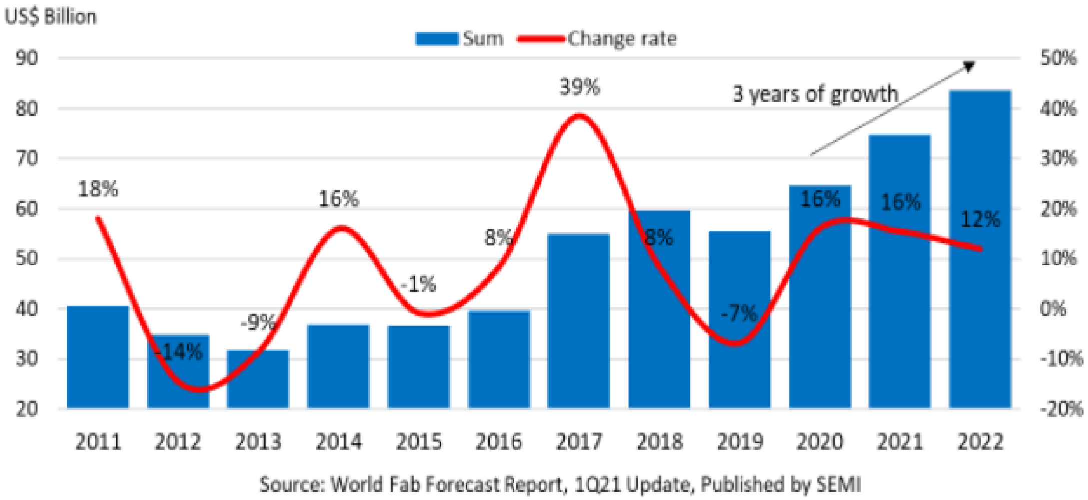
In the following years, the 3D IC chip-stacking technology would be applied in more and wider ranges of categories; in particular, applications that require great calculation capacity and memory capacity (including applications related to multi-core servers and AI). Furthermore, due to the increasing heterogenization of the system's internal composition, 3D IC stacking technology becomes the key. A heterogenized system would comprise various different parts and components (such as memory, image sensor, III-V electronic equipment for analog functions, and RF, processer, and low-power consumption electronic equipment). Appropriate technology would be adopted for the design and process of parts and components , and the 3D IC stacking technology would be utilized to package them into a single unit, so as to improve the operating efficacy of electronic systems and reduce costs and power consumption.

	3D-SIP			3D-SIC	3D-SOC			3D-IC
3D Technology	"PoP"	"Chip last"	"Chip first"	Die stacking	Parallel W2W		Sequential FEOL	
3D-Wiring level	Package I/O	Chip I/O Interposer I/O	Chip I/O	Global	Semi-global	Intermediate	Local	FEOL
				Chip BEOL Wiring Hierarchy				
Partitioning	Functional unit	subsystem	Embedded die	Die	Blocks of standard cells		Standard cells	Transistors
Technology	Package-to Package reflow	Multi-die SIP 3D/2.5D stack	FO-WLP Embedded die	3D D2D, D2W 2.5D Si-interposer	Wafer-to-Wafer bonding		Active layer transfer or deposition	
					Hybrid bonding	Via-last		
2-tier stack Schematic								
Characteristic	Solder ball Stack	• C4, Cu-pillar Si-Organic • Through-Mold-vias	• Bumpless • Si-RDL • Through-Package-vias	• µbump • Si-to-Si • Through-Silicon-Via	BEOL between 2 FEOL layers			FEOL stack
					Overlay 2[nd] tier defined by W2W alignment/bonding		Overlay 2[nd] tier defined by litho scanner alignment	
Contact Pitch	400⇒350⇒300µm	120⇒80⇒60µm	60 ⇒40 ⇒20µm	40 ⇒20 ⇒10⇒5µm	5µm ⇒ 1 µm	2 µm ⇒ 0.5 µm	200nm ⇒ 100nm	< 100 nm
Relative density:	1/100⇒1/77⇒1/55	1/9⇒1/4 ⇒1/2.3	1/2.3⇒ 1 ⇒ 4	1 ⇒ 4 ⇒16⇒ 64	64 ⇒ 1600	400 ⇒ 6400	$4\ 10^4 \Rightarrow 1.6\ 10^5$	$> 1.6\ 10^5$

Source: IMEC

COVID-19 has driven the steep increase in demands for electronic equipment; the equipment expenditure of wafer suppliers within the global semiconductor industry is likely to achieve a rare record of a new high for three consecutive years. According to the global wafer supplier forecast report for the Latest quarter published by SEMI, the equipment expenditures of wafer suppliers within the global semiconductor industry have grown 16%; and a growth of 15.5% and 12% is estimated for 2021 and 2022.

From 2020 to 2023, global wafer suppliers would have an increase of approximately $10 billion in their equipment expenditure each year, and achieve a high mark of $80 billion in2022. In particular, communication, computation, medical treatment, and online service industries would record the greatest growth. As the foundation, demands for electronic devices would record an explosive growth, which serves as the major source of such equipment expenditures. Benefiting from the Chinese companies' production expansion and the inability to use relevant equipment provided by the US companies, as well as the investments in advanced manufacturing process equipment for the front-end manufacturers due to the manufacturing of logic chips by Taiwanese wafer OEM companies, Taiwan replaced Korea and became the largest market for the demand of semiconductor equipment worldwide. In 2021, it is estimated that Taiwan will maintain its position as the largest market for the demand for equipment worldwide.



According to eh data, the global semiconductor industry recorded sales of $439 billion in 2020, representing a growth of 6.5% as compared with $412.3 billion in 2019. Looking into 2021, the world is restoring from the effects of COVID-19. With the era of IoT in the future, demands for terminal products (such as 5G mobiles, automotive electronics, smart manufacturing, AI high-performance computation) would increase due to the promotion of digital transformation by data centers and 5G technology; such demands would lead the next evolution of semiconductor technologies and provide momentum for the continual growth of the semiconductor industry in 2021. Meanwhile, benefiting from the industrial trend and the leading status of TSMC's technologies, semiconductor supply chains in Taiwan recorded a growth; relevant companies in Taiwan would play a crucial part in the market within the global supply chains.

(4) Competitive niche:

A. Advantageous brand: A brand established for 55 years and received honors of 16th Annual Taiwan Golden Root Awards and the 5th CSR Award.

B. Core technology (five major core technologies).

C. Careful services and sales channels (seven major application industries and over 3,000 customers).

D. Premium equipment.

E. Premium after-sales services and repair capacity.

F. R&D design capacity with high efficiency.

G. Highly flexible manufacturing capacity.

(5) Favorable and unfavorable factors for the prospect of development in the long run and countermeasures:

➢ **Favorable factors:**

A. Continual import substitution.

B. Continual capital internalization of the Chinese market: C Sun has spent efforts in the Chinese market for years and achieved a comprehensive layout.

C. C Sun is a renowned brand for UV, lamination, and thermal processing, and it continues to extend its core technologies to wet process and plasma, building a solid business strategic foundation.

D. Complete accumulation and inheritance of technical experiences and R&D results that are beneficial to the improvement in production efficiency and quality control.

E. C Sun passed the ISO 9001 evaluation and developed most of its core technologies by itself; well recognition is received for its quality assurance and R&D capacity.

F. C Sun is a listed company with a stable financial position. In the second half of 2019, a team succession has taken place for a younger management team.

G. Establishment of the G2C+ Alliance: The one-stop-shopping services could satisfy customers' demand.

➢**Unfavorable factors and countermeasures:**

A.The development of the high-tech production equipment manufacturing industry in Taiwan began relatively slow, and people generally have the image of the "industry of the grease monkey" for the mechanic industry for a long time; therefore, it is relatively difficult to attract outstanding R&D talents.

Countermeasures:

The Company is committed to transforming its focus as a machine manufacturer to a solution supplier, integrate materials and manufacturing process on the product platform of the Company, and significantly improve the added value provided to customers; therefore, and the urgent demand for the integration of cross-field knowledge and technology was generated thereof. The Company focuses on the careful guidance and patience provided to employees for their growth; the Company would jointly create an environment of lifelong learning with our fellow colleagues based on such corporate culture and continue to improve the human resources quality, in the hope of achieving the level of first-class customers such as TSMC, so as to continue its cooperation with first-class customers on the world first-class stage.

B. The mechanic equipment industry focuses on the extended demand of downstream industries and has longer product useful lives. In general, demand for relevant equipment only arises upon the establishment, plant expansion, process change, or the improvement in the product level of downstream customers; therefore, the changes in customers' demand are greater.

Countermeasures:

a. Continue to develop new products and demands for consumables and materials to exploit products with diversification and high added-value and improve its competitive strength, so as to create the new demand of customers.

b. Strictly require the business department to actively and regularly collect information related to industries where the downstream customers operate to understand the development within such industries and proactively participate in exhibitions and conferences in different regions to improve the professional image of the brand. Furthermore, the Company maintains healthy relationships with domestic and foreign distributors and seeks appropriate cooperating partners.

C. Effects of materials and currency volatility on the equipment profitability of equipment with the long-term delivery term.

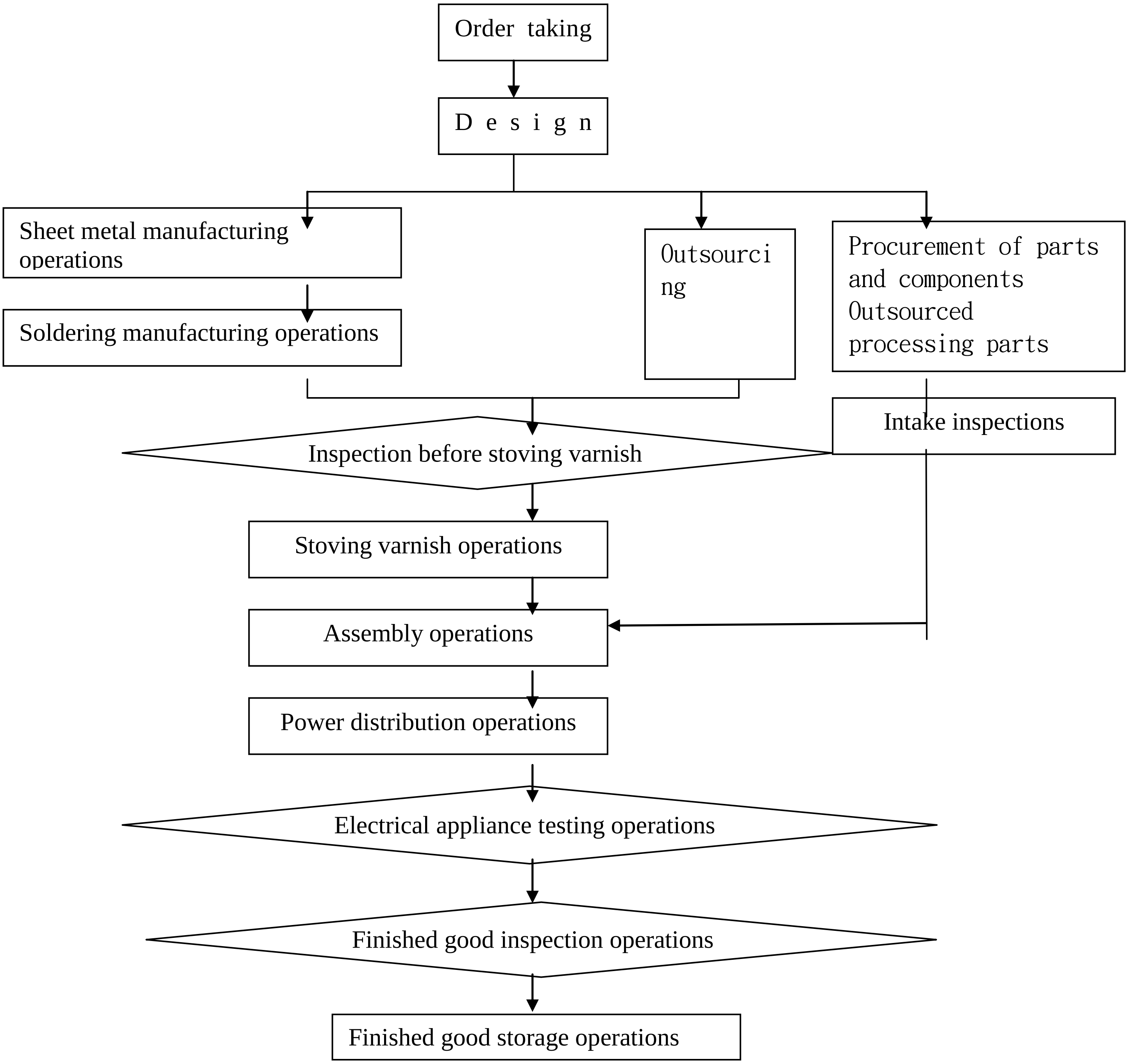
Countermeasures: For details on the currency, please see the content related to risk management on page 97.

2. Major Use and Production Process of Primary Products:

(1) Major use of primary products:

Product category	Major use of products
Thermal process equipment	PCB/LCD/IC/photovoltaic/LED for the electronic part industry and the baking, curing, drying, modification, purification and positioning of products for the sports shoe industry and the printing and coating industry
UV process equipment	The drying, curing, image transfer, cleaning, and positioning for products for the electronic part industry, sports shoe industry, and the printing and coating industry
Plasma process equipment	The modification, etching, cleaning, thinning, and destressing for the electronic part industry and sports shoe industry
Dry and wet process equipment	The light resistance and surface protection of products for the electronic part industry

(2) Production process of primary products:



3. Supply of Major Raw Materials:

The major raw materials and parts of the Company's products are electronic parts (such as temperature controller, modulator tube, stabilizer, and capacitor), optical elements, and air pressure elements acquired from major domestic and foreign suppliers (such as OMRON, the US supplier A, the Japanese Supplier B, FESTO, SMC, and RKC). Due to long-term cooperation, the Company has established stable supply relationships with such suppliers; the supplies remain sufficient, and the quality and delivery term maintain a certain standard.

4. Names of Customers and Suppliers Accounted for 10% of the Total Purchases (Sales) and Above in Any of the Latest Two Years"

(1) Information on major suppliers for the Latest two years:

Unit: NT$ thousands; %

Item	2019				2020			
	Name	Amount	Ratio to the net purchases for the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net purchases for the year (%)	Relationship with the issuer
Suppliers accounted for less than 10% of the total purchases	Others	2,412,452	100%	-	Others	2,612,469	100%	-
Net purchases		2,412,452	100%	-		2,612,469	100%	-

Note 1: Set out the name of suppliers that accounted for 10% of the total purchases and above and the purchase amount and ratio. However, when the name of suppliers may not be disclosed based on the contractual agreements or when the business counterparties are individuals who are not related parties, the information may be disclosed by using code numbers.

Note 2: There is no supplier that accounted for 10% of the total purchases and above.

(2) Information on major customers of sales for the Latest two years:

Unit: NT$ thousands; %

Item	2019				2020			
	Name	Amount	Ratio to the net sales for the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net sales for the year (%)	Relationship with the issuer
1	Company H	757,823	17%	-	Company T	498,207	12%	-

Suppliers accounted for less than 10% of the total sales	Others	3,680,465	83%	-	Others	3,587,599	88%	-
Net sales		**4,438,288**	**100%**	-		**4,085,806**	**100%**	-

Note 1: Set out the name of suppliers that accounted for 10% of the total sales and above and the sales amount and ratio. However, when the name of suppliers may not be disclosed based on the contractual agreements or when the business counterparties are individuals who are not related parties, the information may be disclosed by using code numbers.

5. Table of Production Volume and Value for the Latest Two Years

NT$ thousands /machine

Year / Production volume and value / Major products (or department)	2019			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Equipment for light curing manufacturing process	108	108	495,317	113	113	357,954
Equipment for heat curing manufacturing process	1,324	1,324	1,819,920	1480	1480	1,202,058
Equipment for lithography laboratory (dry) manufacturing process	156	156	453,409	159	159	526,909
Equipment for lithography laboratory (wet) manufacturing process	125	125	986,693	136	136	1,070,246
Other products	115	115	682,949	182	182	928,639
Total	1,828	1,828	4,438,288	2070	2070	4,085,806

Note: The production capacity refers to the quantity produced using existing production equipment under normal operations after the Company had measured factors of necessary shut down and weekends.

6. Table of Sales Volume and Value for the Latest Two Years

NT$ thousands /machine

Year / Sales volume and value / Major products (or department)	2019				2020			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Equipment for light curing manufacturing process	49	18,630	59	476,687	24	17,409	89	340,545

Equipment for heat curing manufacturing process	273	374,055	1,051	1,445,865	306	309,084	1,174	892,974
Equipment for lithography laboratory (dry) manufacturing process	43	186,083	113	267,326	20	143,375	139	383,534
Equipment for lithography laboratory (wet) manufacturing process	-	-	125	986,693	-	-	136	1,070,246
Other products	41	327,294	74	355,655	102	274,990	80	653,649
Total	406	906,062	1,422	3,532,226	452	744,858	1,618	3,340,948

III. Information on Employees for the Latest Year and as of the Date of Publishing the Annual Report

(I) Employee Structure:

31 March 2021

Year		2019	2020	As of 31 March 2021
Number of employees	Office clerk	342	255	264
	Technicians	467	532	540
	Total	809	787	804
Average age		36.82	37.21	36.41
Average year of services		7.86	8.46	8.46
Distribution ratio of academic level	PhD	4	4	4
	Postgraduate	66	78	80
	University or college	539	488	499
	High school	166	169	163
	Below high school	34	32	31

(II) Employee's Code of Conducts or Code of Ethics

To improve the work environment and the measures to protect employees' physical safety, the Company has established its Employees' Working Rule Handbook (comprised a total 0f 14 sections) to set out the disciplines and codes, employment and training, work hours and breaktime, leave regulations, incentive, punishment, and audit, dismissal and audit, retirement, occupational disaster compensation and indemnity, safety and health, welfare measures, labor-capital communications. The Company also established its "Regulations for the Management of Incentives and Punishment" to serve as the basis for incentives to and punishments on employees.

(III) Protective Measures for the Work environment and Physical Safety:

To prevent occupational disasters and protect labors' safety and health, C Sun MFG. has established its "Operating Instructions for Safety and Health" according to the requirements under Article 25 of the Labor Safety and Health Act to stipulate the labor safety organization and the responsibilities of different hierarchy. Meanwhile, the Company actively promotes the 5S management (seiri (sort), seiton (reorganize), seiso (clearing), seiketsu (cleaning), and shitsuke (safety)) to prevent the occurrence of occupational disaster and create a healthy work environment.

IV. Information on Environmental Expenses:

1. Explain losses (including compensation) incurred to the Company due to environmental pollution and the total fines for the Latest two years and as of the date of publishing the annual report and disclose the future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses, fines, and compensation that may occur when no countermeasure is adopted; for those that cannot be reasonably estimated, explain the fact related to the inability to reasonably estimate): None.

2. Countermeasures: The manufacturing process of the Company does not cause pollution to the environment; it is estimated that there will be no environmental pollution in the future.

V. Labor-capital Relationship:

1. The Company's employee welfare measures, continuing education, training, and retirement systems and implementation, and labor-capital agreement, and measures to protect employees' interests:

(1) Employee welfare measures

A. The Company has established its Employee Welfare Committee according to the Enforcement Rules of the Employee Welfare Fund Act to provide employee welfare fund, organize welfare matters (such as subsidies for marriage, funeral, gifts for Chinese New Year and festivals, fertility, hospitalization, significant disasters), and organize company trips.

B. The Company appropriated labor retirement reserve fund according to the requirements and established its Labor Retirement Reserve Fund Supervisory Committee to facilitate the management of matters related to the labor retirement reserve fund.

C. The Company also provides labor and the National Health Insurance according to relevant laws and regulations promulgated by the government. In favor of employees' safety, the Company has purchased group insurance for employees to protect employees and provides better employee welfare.

D. Capital increase in cash by employees and employee bonus system:

a. Becoming shareholders: When performing capital increase in cash, the Company reserves 10% to 15% of shares for employees to subscribe.

b. Bonuses: Perform according to the requirements under Article 33 of the Articles of Association.

(2) Continuing education and educational training:

A. In 2020, the Company's actual number of training hours of all employees was 7,124 hours, and the training expenses were NT$959 thousand.

B. The Company organizes training for new employees, professional technical training, quality control training, training related to employee development, and education training of labor safety and health based on our fellow colleagues' requirements and in accordance with the requirements of government laws and regulations.

C. To improve the quality of human resources and reinforce employees' work knowledge and skills, the Company may implement relevant training set out below based on the employees' conditions and work requirements:

I. Safety and health education and training for disaster prevention.

II. Orientation training: New employees shall receive "general orientation training" and "professional training" for their positions when joining the Company.

III. On-the-job training: A series of training programs are organized based on the professional functions required by employees in executing their duties.

IV. Training for other expertise.

The implementation methods for the Company’s employee training are as follows:

I. Internal training: Employees are gathered at the Company or other venues for training. Lectures are provided by internal lecturers or domestic and foreign professional lecturers appointed by the Company.

II. External training: The Company sends employees to domestic and foreign professional training institutions for training.

(3) Retirement system and its implementation

The Company established management regulations for its retirement system based on the requirements under the “Labor Standard Act.” In response to the current trend, the Company also established favorable retirement regulations for employees who “had worked for 15 years” for the Company; the Labor Affairs Bureau had approved and archived such regulations.

(4) Labor-capital agreement: None.

2. Losses incurred to the Company due to labor-capital disputes for the Latest three years and as of the date of publishing the Annual Report; disclose the current and future estimated amount that may incur and countermeasures:

The Company has a harmonious labor-capital relationship and has no labor-capital dispute. The Company values employee welfare and keep abreast of changes in subjective and objective environments at all times to establish welfare measures, satisfying employees’ requirements.

VI. Social Responsibilities:

Since the establishment in 1966, C Sun aims to become the world-class leading equipment supplier for PCB, FDP, touch screen, semiconductor, printing and coating, and PV industries. With the assistance of the "Corporate Sustainable Development Committee," the Company is committed to pursue the maximum interest for employees, shareholders, customers, suppliers, and other stakeholders, fulfill its responsibilities as a corporate citizen, and seek sustainable corporate development.

Execution and Management Policies

C Sun upholds the spirit of "Back to Basic" and duly implements four major aspects:

1. Corporate governance: The Company adheres to operating transparency and group decision-making and invites Board members with extensive experiences in the industry sector and academic sector to form its Board with a solid foundation. We established the Audit Committee and Remuneration Committee to duly perform their duties in monitoring the corporate legal operations, non-corrupted financial information, and accurate strategic operating directions, and in turn organize and realize internal rules. The Company regularly maintains risk management policies on intellectual properties and information security to set a healthy foundation for corporate governance.
2. Care for and development of employees: The Company regularly communicates and makes exchanges with our fellow colleagues on a quarterly basis by using the labor-capital conference as the medium. We utilized functions of the Welfare Development Committee to arrange diverse employees' activities each year to improve employees' cultural literacy and the relationship between our fellow colleagues. We established recruitment channels with diversification and promoted a series of lectures and programs related to profession, growth, and culture. Provide training and make adjustments for employees of different hierarchies to practically cultivate outstanding talents with various professions.
3. Safety and health: The Company focuses on the care for the personal health of our employees and aims to create a safe and comfortable work environment. Meanwhile, the Company actively promotes the concepts of health maintenance and food safety and treats our fellow colleagues as family members.
4. Social participation: The Company proactively works with schools for industry-academic cooperation, focuses on its core technologies, and cultivates industrial talents for the future. We keep promoting academic and cultural and art activities, helps vulnerable groups, and promotes the corporate volunteer culture. Also, we actively make exchanges with industry associations to improve the competitiveness of industries and technologies in Taiwan, making contributions to society.

Social Participation

For many years, C Sun has been adhering to the gratitude concept of "Take from Society and Give Back to Society." We regularly contribute to social groups and the academic sector. Groups sponsored by the Company include Taiwan Foundation for Rare Disorders, Taiwan Fund for Children and Families, XS Foundation, and Zenan Homeless Social Welfare Foundation. We also participate in support groups for charitable institutions. Except for donations to the vulnerable, we spare no effort in industrial talent cultivation. We have cooperated with Ming Chi University of Technology, Feng Chia University, and Chung Hsing University for years; the cooperation focuses on the four major aspects of "cooperative education," "academic research cooperation," "scholarships and grants," and "campus tour lectures" to cultivate industrial talents in favor of our operations. Meanwhile, senior executives of the Company concurrently act as lecturers at universities to exert their spirits as industry teachers, pass down industrial experiences, and minimize the gap between education and actual practices.

We focus on character education. We sponsored the baseball team of Chung-Ping Elementary School to ensure the learning environment and resources of youth athletes, encourage youth in Taiwan to step on the international stage, and nurture the future star in the international arenas. Furthermore, the Company also adopts internal actions to support cultural and art activities, promote the volunteer culture, and provide information and channels for all our fellow colleagues to participate in social welfare activities, so as to cultivate its premium corporate culture with our fellow colleagues shows gratitude and provide mutual help.

- Participated in the House of Dreams. Participated in activities such as “Open in house,” “year-end thanksgiving dinner,” and “Christmas charitable events for poverty.” The Company also actively contacts its employment service department and increases industry-academic cooperation or opportunities for internship and part-time jobs.
- The Company sponsored the charitable event and provided 220 red envelopes at the year-end party of Zenan Homeless Social Welfare Foundation in 2020 to help those who are in need in our society.
- Continue its five-year plan to sponsor the baseball team of Chung-Ping Elementary School to promote quality baseball to help athletes in the next generation in terms of reinforcement in physics and skills and the virtue of character education and steadiness.
- Our internal colleagues took the initiative to promote charitable fund-raising activity and invited all volunteers to support the activity. The volunteer club was responsible for the execution and donated the amount raised in Taipei and Taichung, respectively, to the Bali Ai-Hsin Home for Persons with Disabilities, New Taipei City Government, and Taichung Nursery of XS Foundation nearby, and continue the share the love and contributes to society.
- Joined TSIA. Sponsored the promotional fund and the “Biography of Sun Yun-Suan.” Participated in annual campus tour lectures to improve students’ understanding in universities and colleges to C Sun and create opportunities for industry-academic cooperation.
- In 2020, the Company organized enterprise lectures at Tsing Hua University, Feng Chia University, and Taiwan University of Science and Technology to contribute to society and pass down our industrial experiences.
- Joined the “Shu Ren Fund” team of Tsing Hua University to facilitate the new height of education and technology R&D in Taiwan.

Employee Care and Development

Establish a solid, practical, honest, and conscientious corporate culture, focus on character education, strive for a harmonious team, and create the motive force for the sustainable corporate operations through training and succession in different forms. Build a platform for employee development and comprehensively care for employees’ development, strive for the balance between employees’ work and living quality, and provide employees a worry-free environment for them to become long-term partners of the Company.

- Implement training and succession; superiors would establish our fellow colleagues’ personal development plans. Strengthen the working intention and abilities of employees and improve employees’ personal performance through new employee training, training under the monthly management program, and professional OJT training, and the supplementing system of adjustment and agency system to achieve the Company’s objectives.
- Realize the concept of dedicated personnel for specific duties, cultivate talents with

certificates required by the government in different functional departments, and arrange external training programs to improve employees' work value.

- The Employee Remuneration Committee organizes events such as company trips, family days, festivals, and year-end parties to allow employees to enjoy soft group recreative activities apart from work and improve the parent-children interaction and relationships between our fellow colleagues. Also, the Company has established regulations for club subsidies and encourages employees to set up clubs of health, music, and dance, improving our fellow colleagues' cultural literacy.
- To safeguard our fellow colleagues' food safety and health, the Company provides lunch cooked by using the Miele steam oven from Germany, allowing our fellow colleagues to dine with safety and health.
- The Company's pregnancy project with high fertility subsidies and allowances could help all our fellow colleagues to form their families and pass down the fire of life.
- Optimize the bonus and remuneration system that is integrated with performance evaluation, define the range of salaries and the concept of reasonable annual salaries, allowing our fellow colleagues to receive corresponding bonuses and remuneration regarding the growth of C Sun and their contributions to C Sun.
- Promote the overseas travel subsidy plan. The Human Resources Department and directors of the departments are responsible for actively realize the arrangement for paid leaves, allowing employees to duly arrange their quality lives apart from work.

Safety and Health

The Company is committed to create a safe and comfortable work environment and comprehensively care for employees' health.

- Organize health inspections for all employees at least once a year and provide additional subsidies regarding the health inspection items for employees.
- Strictly observe domestic regulations of occupational safety and health and firefighting and establish emergency management measures for disasters and diseases to protect the work safety of all employees. The Company arranges disaster prevention lectures and monthly occupational disaster communications to allow the concept of occupational disaster prevention to be deeply rooted in all our employees' minds. The Company adopts the highest criterion of nip in the bud and considers employees' safety as the primary task of our corporate operations.
- The Company engaged Lee Way Electronics subordinated to SECOM to provide AEDs, portable first-aid equipment for cardiac attacks that could be used by general non-medical personnel.
- Adopt case-control for injury cases due to operations, prepare statistics on types and number of occurrences, and convene inter-plant superintendent-level quarterly meetings and quarterly administrative meetings to review and provide improvement and preventive guidelines, building a safe and worry-free work environment.

VII. Significant Contracts: None.

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Income Statements of Profit or Loss for the Latest Five Years

(I) Condensed Balance Sheet – IFRSs - Consolidated

Unit: NT$ thousands

Item \ Year		2016	2017	2018	2019	2020
Current assets		3,775,091	4,369,940	4,641,005	4,393,003	4,783,202
Property, plant and equipment		778,642	721,447	763,951	755,251	709,219
Intangible assets		61,290	64,520	58,328	54,474	51,373
Other assets		803,992	761,787	1,046,446	1,207,883	1,207,007
Total assets		5,419,015	5,917,694	6,509,730	6,410,611	6,750,801
Current liabilities	Before distribution	2,461,763	2,709,827	2,837,198	2,845,111	3,278,958
	After distribution	2,536,369	2,933,635	3,210,212	3,218,124	Note 3
Non-current liabilities		907,125	829,437	953,546	915,180	789,351
Total liabilities	Before distribution	3,368,888	3,539,264	3,790,744	3,760,291	4,068,309
	After distribution	3,443,494	3,763,072	4,163,758	4,133,304	Note 3
Interests attributable to the owner of the parent company		1,980,110	2,289,223	2,595,484	2,512,560	2,509,665
Share capital		1,587,445	1,587,445	1,587,445	1,492,055	1,492,055
Capital reserve		319,648	246,818	246,818	232,800	232,800
Retained earnings	Before distribution	156,264	554,358	899,847	798,152	890,688
	After distribution	81,658	330,550	526,833	425,139	Note 3
Other interests		68,171	52,020	12,792	(10,447)	(105,878)
Treasury shares		(151,418)	(151,418)	(151,418)	--	--
Non-controlling interests		70,017	89,207	123,502	137,760	172,827
Total equity	Before distribution	2,050,127	2,378,430	2,718,986	2,650,320	2,682,492
	After distribution	1,975,521	2,154,622	2,345,972	2,277,307	Note 3

Note 1: The above financial information was audited by CPAs.

Note 2: As of 31 March 2021, the Company had not conducted any asset re-valuation.

Note 3: Figures for the items of “After distribution” above were set out based on the resolution made at the shareholders’ meeting in the following year.

Condensed Balance Sheet – IFRSs - Individual

Unit: NT$ thousands

Item \ Year		2016	2017	2018	2019	2020
Current assets		2,164,549	2,591,359	2,686,693	2,372,453	2,210,805
Property, plant and equipment		417,556	396,086	464,850	486,108	467,424
Intangible assets		3,917	12,574	8,300	7,109	6,024
Other assets		2,412,057	2,289,817	2,665,888	2,856,914	2,919,212
Total assets		4,998,079	5,289,836	5,825,731	5,722,584	5,603,465
Current liabilities	Before distribution	2,114,735	2,171,736	2,277,251	2,308,261	2,308,132
	After distribution	2,189,341	2,395,544	2,650,265	2,681,274	Note 3
Non-current liabilities		903,234	828,877	952,996	901,763	785,668
Total liabilities	Before distribution	3,017,969	3,000,613	3,230,247	3,210,024	3,093,800
	After distribution	3,092,575	3,224,421	3,603,261	2,837,011	Note 3
Interests attributable to the owner of the parent company		1,980,110	2,289,223	2,595,484	2,512,560	2,509,665
Share capital		1,587,445	1,587,445	1,587,445	1,492,055	1,492,055
Capital reserve		319,648	246,818	246,818	232,800	232,800
Retained earnings	Before distribution	156,264	554,358	899,847	798,152	890,688
	After distribution	81,658	330,550	526,833	425,139	Note 3
Other interests		68,171	52,020	12,792	(10,447)	(105,878)
Treasury shares		(151,418)	(151,418)	(151,418)	--	--
Non-controlling interests		--	--	--	--	--
Total equity	Before distribution	1,980,110	2,289,223	2,595,484	2,512,560	2,509,665
	After distribution	1,905,504	2,065,415	2,222,470	2,139,547	Note 3

Note 1: The above financial information was audited by CPAs.

Note 2: As of 31 March 2021, the Company had not conducted any asset re-valuation.

Note 3: Figures for the items of "After distribution" above were set out based on the resolution made at the shareholders' meeting in the following year.

(II) Condensed Income Statement – IFRSs - Consolidated

Unit: NT$ thousands
(NT$ for earnings per share)

Item \ Year	2016	2017	2018	2019	2020
Operating income	3,884,793	5,002,589	5,699,786	4,438,288	4,085,806
Operating gross profit	1,162,311	1,658,088	1,797,707	1,268,300	1,547,314
Operating profit or loss	211,739	566,823	679,197	314,114	530,508
Non-operating income and expenses	(9,819)	(53,034)	105,806	104,020	75,343
Net profit before tax	201,920	513,789	785,003	418,134	605,851
Net profit from continuing operations for the period	201,920	513,789	785,003	418,134	605,851
Losses from discontinued operations	-	-	-	-	-
Net profit for the period	200,209	427,183	597,641	338,413	475,245
Other comprehensive income for the period (net after tax)	(79,144)	(21,569)	(37,563)	(27,650)	(65,896)
Total comprehensive income for the period	121,065	405,614	560,078	310,763	409,349
Net profit attributable to the owner of the parent company	210,003	402,988	556,388	312,390	438,766
Net profit attributable to non-controlling interests	(9,794)	24,195	41,253	26,023	36,479
Total comprehensive income attributable to the owner of the parent company	136,742	381,943	525,783	290,089	370,118
Total comprehensive income attributable to non-controlling interests	(15,677)	23,671	34,295	20,674	39,231
Earnings per share	1.39	2.70	3.73	2.09	2.94

Note 1: The above financial information was audited by CPAs.

Condensed Income Statement – IFRSs - Individual

Unit: NT$ thousands
(NT$ for earnings per share)

Year / Item	2016	2017	2018	2019	2020
Operating income	2,733,219	3,462,370	3,768,211	2,945,096	2,497,069
Operating gross profit	786,444	1,015,799	1,100,785	713,184	895,597
Operating profit or loss	298,273	397,267	421,052	153,076	247,787
Non-operating income and expenses	(98,117)	56,860	283,066	219,474	268,993
Net profit before tax	200,156	454,127	704,118	372,550	516,780
Net profit from continuing operations for the period	200,156	454,127	704,118	372,550	516,780
Losses from discontinued operations	-	-	-	-	-
Net profit for the period	210,003	402,988	556,388	312,390	438,766
Other comprehensive income for the period (net after tax)	(73,261)	(21,045)	(30,605)	(22,301)	(68,648)
Total comprehensive income for the period	136,742	381,943	525,783	290,089	370,118
Net profit attributable to the owner of the parent company	210,003	402,988	556,388	312,390	438,766
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to the owner of the parent company	136,742	381,943	525,783	290,089	370,118
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	1.39	2.70	3.73	2.09	2.94

Note 1: The above financial information was audited by CPAs.

(III) Names and Audit Opinions of CPAs for the Latest Five Years

Year	CPAs	Audit opinion	CPAs' firm
2016	Lin, Yi-Hui and Li, Li-Feng	Unqualified opinion	Deloitte & Touche
2017	Li, Li-Feng and Su, Yo-Yu	Unqualified opinion	Deloitte & Touche
2018	Li, Li-Feng and Su, Yo-Yu	Unqualified opinion	Deloitte & Touche
2019	Li, Dian-Yi and Tseng, Guo-Hwa	Unqualified opinion	PwC (Taiwan)
2020	Li, Dian-Yi and Tseng, Guo-Hwa	Unqualified opinion	PwC (Taiwan)

II. Financial Analysis for the Latest Five Years

Financial Analysis – IFRSs (Individual)

Year (Note 1) / Analysis item (Note 3)		Financial analysis for the latest five years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt ratio	60.38	56.72	55.45	56.09	55.21
	Ratio of long-term capital to property, plant and equipment	617.91	714.30	691.73	630.02	629.34
Solvency (%)	Current ratio	102.36	119.32	117.98	102.78	95.78
	Quick ratio	79.19	94.62	91.26	86.77	69.96
	Interest coverage ratio	806	1888	2279	1158	3,193
Operating capacity	Turnover rate for receivables (time)	2.13	2.53	2.21	1.61	1.65
	Average number of days for cash collection	171	144	165	227	221.21
	Turnover rate for inventories (time)	4.41	3.26	3.48	2.85	2.07
	Turnover rate for payable (time)	2.26	3.10	3.22	3.10	2.46
	Average number of days for sales	83	112	105	128	176.32
	Turnover rate for property, plant and equipment (times)	6.55	8.74	8.11	6.06	5.34
	Turnover rate for total assets (times)	0.55	0.65	0.65	0.51	0.45
Profitability	Return on assets (%)	4.55	8.24	10.49	6.02	8.04
	Return on equity (%)	10.07	18.88	22.78	12.23	17.47
	Ratio of net profit before tax to paid-up capital (%)	12.61	28.61	44.36	24.97	34.64
	Profit margin (%)	7.68	11.64	14.77	10.61	17.57
	Earnings per share (NT$)	1.41	2.54	3.73	2.09	2.94
Cash flows	Cash flow ratio (%)	42.58	-9.11	12.15	6.69	44.86
	Cash flow adequacy ratio (%)	128.53	114.35	122.73	123.12	155.53
	Cash reinvestment ratio (%)	29.71	-7.93	5.51	-6.28	19.14
Leverage	Operating leverage	1.03	1.07	1.12	1.25	1.16
	Financial leverage	1.11	1.07	1.08	1.3	1.07

Please explain the reasons for variations in financial ratios for the latest two years. (analysis may be exempted for items with variation less than 20%) 1. Solvency: Increase in interest coverage ratio: Primarily due to the increase in the operating profits for 2020. 2. Operating capacity: Decrease in turnover rate for inventories and payable: Primarily due to the decrease in the cost of sales for 2020. 3. Profitability: Increase in all ratios: Primarily due to the increase in operating gains, net profit before tax, and net profit after tax resulting from the increase in operating gross profit for 2020. 4. Cash flows: Increase in all ratios: Primarily due to the increase in net cash inflows from operating activities for 2020.

Note 1: The above financial information was audited by CPAs.

Financial Analysis – IFRSs (Consolidated)

Analysis item (Note 3) \ Year (Note 1)		Financial analysis for the latest five years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt ratio	62.17	59.81	58.23	58.66	60.26
	Ratio of long-term capital to property, plant and equipment	340.35	404.52	437.07	423.74	439.14
Solvency (%)	Current ratio	153.35	161.26	163.58	154.41	145.88
	Quick ratio	120.97	121.86	127.08	131.73	114.09
	Interest coverage ratio	754	2123	2529	1227	3561
Operating capacity	Turnover rate for receivables (time)	2.13	2.47	2.36	1.69	1.69
	Average number of days for cash collection	171	148	155	216	215.97
	Turnover rate for inventories (time)	2.25	2.72	3.00	2.62	2.12
	Turnover rate for payable (time)	3.28	3.37	3.61	3.25	2.57
	Average number of days for sales	162	134	122	139	172.16
	Turnover rate for property, plant and equipment (times)	4.99	6.93	7.46	5.88	5.76
	Turnover rate for total assets (times)	0.72	0.85	0.88	0.69	0.61
Profitability	Return on assets (%)	4.28	7.48	9.37	5.41	6.93
	Return on equity (%)	10.16	18.20	21.83	11.64	16.46
	Ratio of net profit before tax to paid-up capital (%)	13.34	32.37	49.45	28.02	40.61
	Profit margin (%)	5.41	8.06	9.76	7.04	10.74
	Earnings per share (NT$)	1.39	2.54	3.73	2.09	2.94

Cash flows	Cash flow ratio (%)	35.11	2.64	18.09	14.25	44.33
	Cash flow adequacy ratio (%)	90.02	91.45	118.17	154.77	184.92
	Cash reinvestment ratio (%)	23.69	-0.08	7.07	0.82	27.00
Leverage	Operating leverage	1.37	1.12	1.15	1.33	1.19
	Financial leverage	1.17	1.05	1.05	1.13	1.03

Please explain the reasons for variations in financial ratios for the latest two years. (analysis may be exempted for items with variation less than 20%)

1. Solvency:
   Increase in interest coverage ratio: Primarily due to the increase in the operating profits for 2020.
2. Operating capacity:
   Decrease in turnover rate for inventories and payable: Primarily due to the decrease in the cost of sales for 2020.
3. Profitability:
   Increase in all ratios: Primarily due to the increase in operating gains, net profit before tax, and net profit after tax resulting from the increase in operating gross profit for 2020.
4. Cash flows:
   Increase in all ratios: Primarily due to the increase in net cash inflows from operating activities for 2020.

Note 1: The above financial information was audited by CPAs.

・**The calculation formulas are as follows:**

1 Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to fixed assets = (Net shareholders' equity + Long-term liabilities)/Net fixed assets.

2. Solvency

(1) Current ratio = Current assets/Current Liabilities.

(2) Quick ratio = (Current assets - Inventories - Prepayment)/Current liabilities.

(3) Interest coverage ratio = Earnings before income tax and interest/Interest expenses for the period.

3. Operating capacity

(1) Turnover rate for receivables (including account receivable and notes receivable arising from operations) = Net sales/Average balance of receivables (including account receivable and notes receivable arising from operations) for each period.

(2) Average number of days for cash collection = 365/Turnover rate for receivables.

(3) Turnover rate for inventories = Cost of sales/Average Inventories.

(4) Turnover rate for payable (including account payable and notes payable arising from operations) = Cost of sales/Average balance of payables (including account payable and notes payable arising from operations) for each period.

(5) Average number of days for sales = 365/Turnover rate for inventories.

(6) Turnover rate for fixed assets = Net sales/Average net fixed assets.

(7) Turnover rate for total assets = Net sales/Average total assets.

4. Profitability

(1) Return on assets = [Gains or losses after tax + Interest expenses x (1 - Tax rate)]/Average total assets.

(2) Return on shareholders' equity = Gains or losses after tax/Average net shareholders' equity.

(3) Profit margin = Gains or losses after tax/Net sales.

(4) Earnings per share = (Net profit after tax - Preferential share dividends)/Weighted average number of shares issued.

5. Cash flows

(1) Cash flow ratio = Cash flow from operating activities/Current liabilities.

(2) Net cash flow adequacy ratio = Cash generated from operating activities for the latest five years/(Capital expenditure + Increase in inventories + cash dividends) for the latest five years.

(3) Cash reinvestment ratio = (Net cash flows from operating activities - Cash dividends)/(Gross amount of fixed assets + Long-term investment + Other assets + Working capital).

6. Leverage:

(1) Operating leverage = (Net operating income - Variable operating costs and expenses)/Operating gains.

(2) Financial leverage = Operating gains/(Operating gains - interest expenses).

III. Evaluation Basis and Foundation for the Provision Method for the Items of Assets and Liabilities Evaluation

1. The allowance for bad debt is provided based on the evaluation of the recovery possibility of receivables. The Company regularly evaluates the recovery possibility of account receivables based on factors such as the aging analysis of account receivables, credit ratings, and the economic environment of customers.

   The Company evaluates the indication of impairment for account receivables on each balance sheet date. Where there is objective evidence indicating that the estimated future cash flows of account receivables may be affected by single or multiple events that occurred after the initial recognition of account receivables, such account receivables are deemed as impaired. Objective impairment evident may include:

   (1) Debtors have significant financial difficulties; or

   (2) Overdue account receivables; or

   (3) Debtors are likely to close down or carry out other financial restructure.

   For certain receivables with no impairment after individual evaluation, the Company evaluates impairment on a mixed basis. The objective impairment evidence of the receivable mix may include the past collection experiences of the Company and the increase in the delay in payment for the mix, and other observable changes in the national or regional economic development related to the default of the account receivable.

   The amount of impairment loss recognized shall be the present value of the differences between the asset's carrying amount and the expected future cash flows (reflected the effects of collateral or guarantee) realized by using the initial effective interest rate of the account receivables. The carrying amount of account receivables is a downward adjustment based on the allowance evaluation items. When receivables are deemed as not recoverable, write off the allowance evaluation items. Amounts initially written off and subsequently be recovered shall be the credit allowance evaluation item. The changes in the carrying amount of allowance evaluation items are recognized as bad debt losses.

2. Inventories shall be the lower of costs or net realizable value. Individual items shall be the basis for comparing costs and net realizable value, except for inventories of the same category.

IV. Audit Committee’s Review Report

Audit Committee’s Review Report

The Board has prepared and submitted the business report, financial statements (including individual and consolidated financial statements), and the proposal of earning distribution for 2020. The financial statements (including individual and consolidated financial statements) had been duly audited by CPAs Li, Dian-Yi and Tseng, Guo-Hwa from PwC (Taiwan) appointed by the Board of Directors, and they have issued an audit report with an unqualified opinion. The said business report, financial statements, and the proposal of earning distribution had been reviewed by the Audit Committee and we considered that they are in compliance with the Company Act and relevant laws and regulations. Therefore, the Audit Committee's report is hereby prepared in accordance with Article 14-4 and Article 219 of the Company Act. Submitted for your review.

To

2021 shareholders’ meeting of the Company

C Sun MFG. Ltd.

Convener of the Audit Committee Chu, Zhi-Yuan

4 March 2021

V. Financial Statements for the Latest Year:

Page 144 to 230;

VI. Consolidated Individual Financial Report Certified by CPAs for the Latest Year:

Page 231 to 320;

VII. No Financial Difficulty Incurred to the Company and Its Affiliates for the Latest Year and as of the Date of Publishing the Annual Report

Chapter 7. Review and Analysis on the Financial Position and Operating Results and Risk Management

I. Financial Position Analysis

Unit: NT$ thousands

Item \ Year	2020	2019	Differences	
			Amount	%
Current assts	4,783,202	4,393,003	390,199	9
Property, plant and equipment	709,219	755,251	(46,032)	(6)
Other assets	1,258,380	1,262,357	(3,977)	-
Total assets	6,750,801	6,410,611	340,190	5
Current liabilities	3,278,958	2,845,111	433,847	15
Long-term liabilities	789,351	915,180	(125,829)	(14)
Total liabilities	4,068,309	3,760,291	308,018	8
Share capital	1,492,055	1,492,055	-	-
Capital reserve	232,800	232,800	-	-
Retained earnings	890,688	798,152	92,536	12
Other interests	(105,878)	(10,447)	(95,431)	913
Treasury shares	-	-	-	-
Total shareholders' equity	2,509,665	2,512,560	(2,895)	-

Analysis and explanations on the variation ratios for the latest two years:
Decrease in other interests: Due to the decrease in unrealized gains or losses on financial assets at fair value through other comprehensive income.

II. Operating Result Analysis

(I)Table of Operating Result Comparison and Analysis

Unit: NT$ thousands

Item \ Year	2020	2019	Increase (decrease) in amount	Variation ratio (%)
Net operating income	4,085,806	4,438,288	(352,482)	(8)
Operating costs	(2,538,492)	(3,169,988)	631,496	(20)
Operating expenses	(1,016,806)	(954,186)	(62,620)	7
Operating gains	530,508	314,114	216,394	69
Non-operating gains or losses	75,343	104,020	(28,677)	(28)
Net profit before tax	605,851	418,134	187,717	45
Income tax expenses	(130,606)	(79,721)	(50,885)	64
Net profit for the period	475,245	338,413	136,832	40

Analysis and explanations on the variation ratios for the latest two years:

1. Decrease in non-operating income and expenses: Primarily due to the decrease in other income.
2. Decrease in other items: Primarily due to the increase in operating gains, net profit before tax, and net profit after tax resulting from the increase in operating gross profit for 2020.

(II) Expected Sales Volume and Its Basis

With crucial core technologies, the Company expands its product portfolio, and establishes the annual sales target with considerations given to the planning for each business segment based on its past operating performance.

(III) Potential Effects on the Company's Financial Operations in the Future and Countermeasures

The Company will reinforce its product portfolio, expands its market share, and improve Company's profitability according to the future changes in the industry. Our business is likely to record a continual grow in the future, and our financial position is healthy.

III. Cash Flows

Table of Revie and Analysis on Cash Flows

Analysis on Cash Flows

Unit: NT$ thousands

Cash balances at the beginning of the year ①	Net cash flows from operating activities throughout the year ②	Net cash flows from investing and financing activities throughout the year ③	Remaining amount in cash ①+②+③	Remedial measures for the estimated cash insufficiency	
				Investment plan	Financing plan
1,105,522	1,453,450	(936,993)	1,621,979	-	-

(I) Analysis on the variation of cash flows for 2020:

The Company recorded a net cash increase of NT$516,457 thousand in 2020 as compared with 2019; the variation of cash flows from operating activities is as follows:

(1) Increase in net inflow from operating activities of NT$1,048,077 thousand.

(2) Decrease in net outflow from investing activities of NT$32,681 thousand.

(3) Increase in net outflow from financing activities of NT$ thousand.

(II) Analysis of the liquidity of cash flows for the latest two years

Year / Item	2020	2019	Increase (decrease) ratio
Cash flow ratio	44.33%	14.25%	30.08%
Cash flow adequacy ratio	184.92%	154.77%	30.15%
Cash reinvestment ratio	27.00%	0.82%	26.18%
Analysis and explanations on the variation in rations: 1. Analysis and explanations on the variation in ratios: Primarily due to the increase in net cash inflow from operating activities. 2. Improvement plan for insufficient liquidity: Not applicable.			

(III) Analysis of the liquidity of cash flows for the following year

Unit: NT$ thousands

Cash balances at the	Estimated net cash flows from operating	Net cash flows from investing	Estimated remaining	Remedial measures for the estimated cash insufficiency

beginning of the year ①	activities throughout the year ②	and financing activities throughout the year ③	amount in cash ① + ② + ③	Investment plan	Investment plan
1,621,979	750,000	(950,000)	1,421,979	-	-

IV. Effects of Significant Capital Expenditures on the Financial Operations for the Latest Year: No such circumstances; not applicable.

V. Investment Policy, Its Major Reasons of Profit or Loss, Improvement Plan for the Latest Year, and the Investment Plan for the Following Year

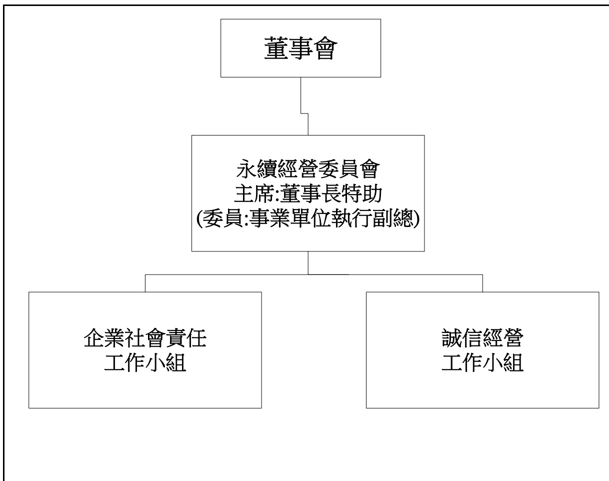
Item / Explanation	Amount (Note)	Policy	Major reasons for profit or loss	Improvement Plan	Other future investment plans
C SUN(B.V.I.)	NT$205,021 thousand	Focus on the Chinese market and establish strategic alliance relations.	Primarily derived from C Sun's subsidiaries - Csun Technology (Guangzhou) Co., Ltd. - Suzhou Top Creation Machines Co., Ltd.		Subject to the capital requirements of the target company of the investment

Note: The above investment is an investment with an amount exceeding 5% of the Company's paid-up capital for the year.

VI. For Risk Matters, the Following Matters for the Latest Year and as of the date of Publishing the Annual shall be Analyzed and Evaluated:

(I) Organizational structure of risk management:

To improve CSR and allow the Company's sustainable operations and development, the Company established its Corporate Sustainability Committee in 2017 to be responsible for matters related to CSR, corporate governance, and ethical management. The Committee reports to the Board regarding the execution status and results annually. The organizational chart of the Company's Sustainability Committee is as follows:



Board
Sustainable Operation Committee Chairperson: Special assistant of the Chairman (Committee: executive VPs of business segments)
CSR Work Team
Ethical Management Work Team

(II) Effects of changes in interest rates and currency rates and inflation on the Company's profit or loss and future countermeasures:

1. Changes in interest rates:

The Company regularly evaluates borrowing interest rates of banks and frequently contacts banks to acquire preferential borrowing interest rates.

Item	Amount for 2020 (NT$ thousands)	Ratio to the operating income for 2020 (%)
Interest expenses	17,507	0.43%

2. Changes in currency rates:

Regarding the countermeasures, the Company estimates its future cash flows and pre-sale/purchase forward currencies or directly sells/purchases foreign currencies in the spot market for the net positions for hedging.

3. Inflation:

Inflation has no significant effect on the Company. Furthermore, the quotation provided by the Company to customers and suppliers is mostly subject to flexible adjustments due to the market; therefore, it imposes limited effects on the Company's profit or loss. The Company keeps abreast of the volatility of market prices. At present, there is no immediate significant effect arising from inflation.

(III) Policies for engaging in high-risk or high-leverage investments, loans to others, endorsement and guarantee, and derivative transactions, primary reasons for gains or losses, and future countermeasures:

1. The Company made investments after due evaluations. Furthermore, the investments are subject to the approval authorization set out in the "Procedures for the Acquisition and Disposal of Assets." The Company has not engaged in matters of high-risk or high-leverage investments. For 2020, the company had not engaged in any high-risk or high-leverage investment, and the investment projects were duly evaluated and submitted to the Board for passing.

2. Targets for loans and endorsement and guarantee are primarily subsidiaries and sub-subsidiaries of the Company, and such matters shall be subject to the requirements under the Company's "Procedures for Loans to Others" and "Procedures for Endorsement and Guarantee."

3. The engagement in derivative transactions shall be subject to the requirements under the Company's "Procedures for Engaging in Derivative Transactions." The Company purchase and sells forward currency contracts to avoid the risk of currency changes for liabilities denominated in foreign currencies and had not engaged in derivatives for investment purposes.

(IV) Future R&D plans and R&D expenses estimated to be invested:

For details on R&D status, please refer to page 57. It is estimated that the R&D expenses of the Company for 2021 shall be NT$306,166 thousand. The primary factors affecting the success of R&D in the future are the capacity of our R&D team and our understanding of market information. As the Company has established its Technology

Committee to be responsible for coordinating the R&D strategies of the Company's future products and the constant improvements of R&D staff's quality in recent years, new product development associated with the future industrial changes would continue to be developed.

(V) Effects of changes in domestic and foreign significant policies and laws on the Company's financial operations and countermeasures:

The Company complies with the amendments to significant policies and laws related to corporate governance, the Company Act, the Securities Exchange Act made by competent authorities. Furthermore, the Company's management observes and attaches attention to changes in domestic and foreign significant policies and laws at all times and actively proposes countermeasures in due course; therefore, there is no significant effect on the Company's financial operations.

(VI) Effects of changes in technologies and industries on the Company's financial operations and countermeasures:

In recent years, the Company has been actively participated in the Science and Technology R&D Project by the Ministry of Economic Affairs, committed to the R&D and innovation of high-end technologies, and kept abreast the industry development at all times; therefore, there is no significant effect on the Company's financial operations.

(VII) Effects of changes in the corporate image on the Company's crisis management and countermeasures:

The Company has adhered to the ethical operating principles and its participation in social responsibilities. It has maintained a healthy corporate image and risk control for years; currently, there is no foreseeable possibility of crisis.

At present, C Sun MFG. is listed on TWSE that is supervised by the competent authority, and the Company strictly adheres to laws and regulations; therefore, the Company possesses a healthy corporate image.

(VIII) Expected benefits and possible risks arising from mergers and acquisitions and countermeasures: As of the date of publishing the Annual Report, the Company had no merger plan.

(IX) Expected benefits and possible risks associated with plant expansions and countermeasures:

In response to the future development of the industry, the Company had purchased a piece of land in East China and set up a plant to replace the plant that we rented for a long time. The Company had made plans and control on capital requirements and utilization; upon evaluation, there shall be insignificant risks.

(X) Risks arising from concentrate sales or purchases and countermeasures:

The scope of industries that the Company makes sales include electronics, semiconductor, LCD, PCB, and printing and coating industries. Except for continuing to focus on our existing customers, the Company also actively explores new customers.

(XI) Effects of significant transfers of or changes in equity by Directors or top ten major shareholders with over 10% shareholding on the Company, risks, and countermeasures: :

As of the date of publishing the Annual Report, there are no such circumstances.

(XII) Effects of changes in the ownership on the Company, risks, and countermeasures:

So far, there is no significant change in the ownership of the Company.

(XIII) Processing status of litigation or non-litigation: As of the date of publishing the Annual Report, there are no such circumstances.

(XIV) Evaluation and analysis on information security risk and countermeasures and matters of significant risk evaluations:

1. Objectives and policies for information security

C Sun’s objectives for information security include the protection of intellectual properties, strengthening of information control, and realizing information security education. The Company has established its operating specifications for the management of information security to maintain the normal operations of the information system, ensure the safety of information transmission and transactions, and prevent computer software and hardware from being invaded, affecting the confidentiality and completeness of digital data. The Company requires all departments to perform security inspections and audit operations and control deficiencies found in audits to duly execute corrective and preventive measures. Furthermore, the information department implements the information safety management system, regularly carries out information security communications and information security educational training for employees. The Company includes information security as a core target for the operating management center.

2. Execution of information security and risk management

The Company manages and executes information security by way of control and minimizing the information risk to a controllable level. Therefore, to prevent the leakage of significant confidential data, C Sun adopted measures as follows: Execute inventory inspections and risk evaluations on the information assets of all departments and adopt hierarchical authorization and management for information security authorizations; monitor internal information circulation by using the internal server built by the information department (including e-mails, departments’ confidential data, and personal information of customers) and regular anti-virus software checks; ensure the data safety of external information circulation by using encryption software to prevent any leakage of information.

3. Information security examination and educational training

Out IT Department is dedicated to executing the report and assistance in emergency management for information security events and the organization of our fellow colleagues in different departments to participate in information security training. Apart from training related to basic information security for new employers upon joining the Company, the Company also has programs related to information security issues (such as the notice for e-mail sending and receipt, use procedures for encryption software, and management of departmental confidential data) and employee training provided by the cooperating external professional lecturers, so as to improve the response abilities of information security management of all departments. The Information Department possess a relevant auxiliary control platform for relevant systems to make instant reports and facilitate the processing of emergencies via systematic tools, ensuring the realization of information security and its introduction into the daily operations.

(XV) Other significant risks and countermeasures: As of the date of publishing the Annual Report, there are no such circumstances.

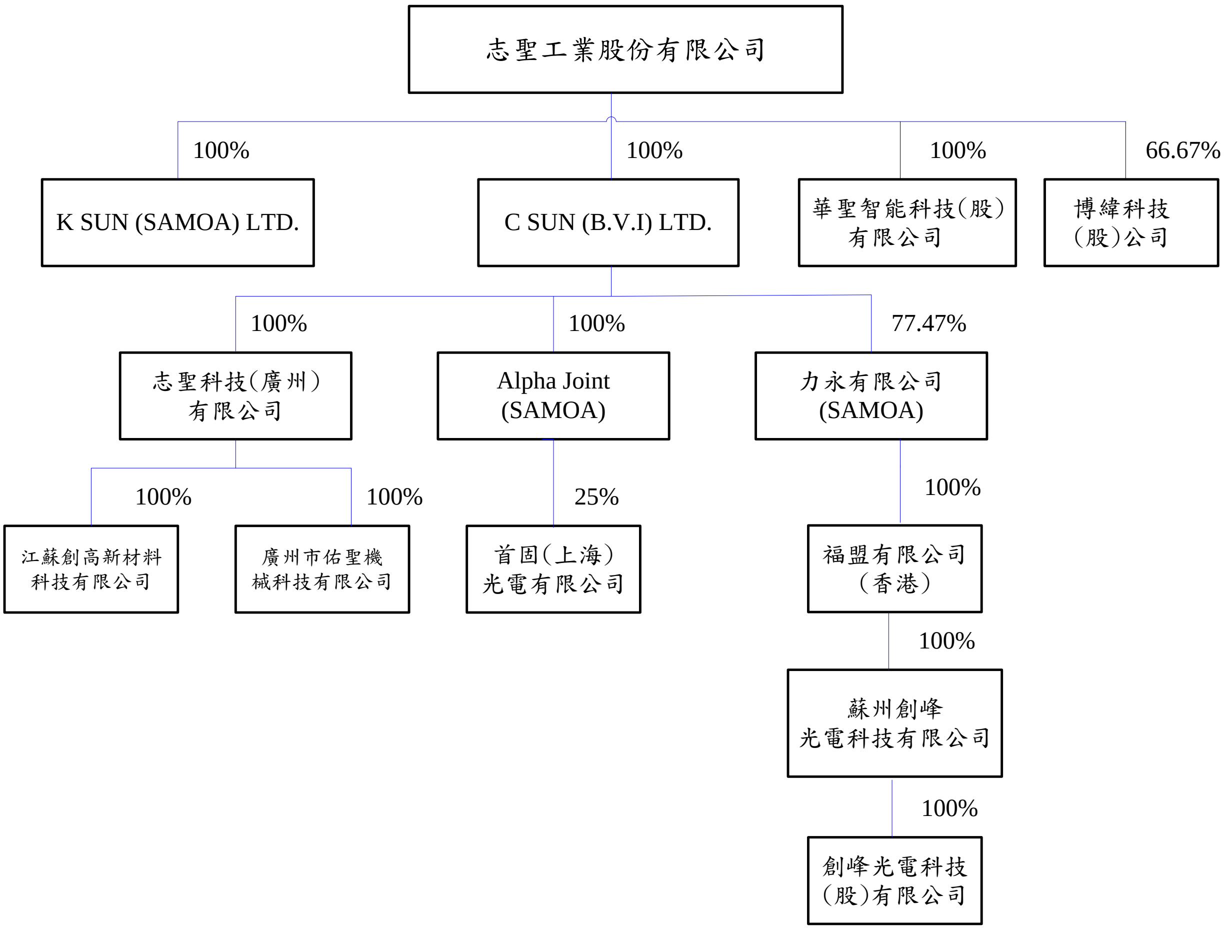
VII. Other significant risks and countermeasures: As of the date of publishing the Annual Report, there are no such circumstances.

Chapter 8. Additional Information

I. Consolidated Business Report of Affiliates and Relationship Report on the Consolidated Business Report of Affiliates

(I) Consolidated Business Report of Affiliates

1. Organizational Chart of Affiliates:



C Sun MFG. Ltd.	Wat Sun. Intelligent Technology Co., Ltd.	Abcon Technology Inc.	Csun Technology (Guangzhou) Co., Ltd.
Power Ever Enterprises Limited	Jiangsu Hi-tech Material Co., Ltd.	Guangzhou Y SUN Machinery Tech. Co., Ltd.	Alpha-Cure Asia Co., Ltd.
Good Team International Enterprise Limited (Hong Kong)	Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	

2. Basic Information of Affiliates:

31 December 2020
Unit: NT

Name of enterprises	Date of establishment (Note)	Address	Paid-up capital	Primary scope of business or products
CSUN(B.V.I.) LTD.	November 1996 (the Company invested in September 1997)	British Virgin Islands	USD11,593,750	Holding and investment
K SUN (SAMOA) LTD.	June 2000	SAMOA	USD2,312,160	Holding and investment
Csun Technology (Guangzhou) Co., Ltd.	April 1994 (the Company invested in October 1997)	Huadu City Shiling Town Industrial Zone II (花都市獅嶺鎮第二工業區)	USD19,210,000	Production, assembly, sales, processing of drying equipment, exposure equipment, lamination equipment, and parts and components.
Alpha Joint (SAMOA)	June 2005	SAMOA	USD580,000	Holding and investment
Power Ever Enterprises Limited	February 2007	SAMOA	USD6,000,000	Holding and investment
Good Team International Enterprise Limited (Hong Kong)	February 2007	Hong Kong	USD6,000,000	Holding and investment
Suzhou Top Creation Machines Co., Ltd.	16 August 2007	Suzhou	USD5,500,000	Design, production, and sales of PCB, FPD, semiconductors, PV industry equipment, and relevant parts and components
Top Creation Machines Co., Ltd.	26 July 2013	No.3, Aly. 51, Ln. 118, Shuanglian Sec. 2, Minzu Rd., Pingzhen Dist., Taoyuan City, Taiwan (R.O.C.)	NTD7,500,000	Installation and wholesale of machines, retail sales of electric supplies, and wholesale of electronic materials.
Guangzhou Y SUN Machinery Tech. Co., Ltd. (formerly Jin Li Chang)	15 July 2008	Guangzhou City	RMB13,500,000	Processing and manufacturing of metal shell, tank, racks, and cabinets for machines, equipment, apparatus, contour machining of metal and metal materials, import and

				export of relevant products and technologies.
Wat Sun. Intelligent Technology Co., Ltd.	26 July 2002	No.4, Gong 5th Rd., Gong 2nd Industrial Park, Linkou Dist., New Taipei City, Taiwan (R.O.C.)	NTD700,000,000	Wholesale and retail sales of electronic materials and wholesale and retail sales of computers and office equipment.
Jiangsu Hi-tech Material Co., Ltd.	20 June 2014	Kunshan City	RMB20,000,000	R&D and production of high-tech materials, intelligence toys, and toy balloons, development and application of computer software, and manufacturing of molds and precision machines.
Abcon Technology Inc.	22 April 2010	No.57, Ln. 422, Sec. 2, Zhongshan E. Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	NTD30,000,000	Wholesale and manufacturing of machine and equipment

Note:

1. Date.

2. Industries covered by the overall scope of business of affiliates: Please see the above.=

4. Information on Directors, Supervisors, and General Managers of Affiliates:

31 December 2021

Name of enterprises	Title	Name or representative	Shares held	
			Number of shares	Shareholding
C SUN (B.V.I.) LTD	Director	Morrison Liang	C Sun Company holds 11,593,750 shares	100%
K SUN(SAMOA) LTD	Director	Liang, You-Wen	C Sun Company holds 2,312,160 shares	100%
Csun Technology (Guangzhou) Co., Ltd.	Director Director Director Director Director Supervisor	Morrison Liang Liang, Mao-Chung Liang, You-Wen Huang, Min-Nan Lai, Ching-Wen Liang, You-Feng	—	100%
Alpha Joint (SAMOA)	Director	Morrison Liang	C Sun Group holds 580,000 shares	100%
Power Ever Enterprises Limited	Director	Liang, You-Wen	C Sun Group holds 4,770,261 shares	77.47%

Good Team International Enterprise Limited (Hong Kong)	Director	Liang, You-Wen	Power Ever holds 6,000,000 shares	100%
Suzhou Top Creation Machines Co., Ltd.	Director	Liang, You-Wen	—	100%
Top Creation Machines Co., Ltd.	Director Director Director Supervisor	Liang, You-Wen Huang, Pin-Chun Morrison Liang Liang, Ming-Kai	C Sun Group holds 750,000 shares	100%
Guangzhou Y SUN Machinery Tech. Co., Ltd. (formerly Jin Ii Chang)	Director	Liang, Mao-Chung	—	100%
Jiangsu Hi-tech Material Co., Ltd.	Director	Liang, Mao-Chung	—	100%
Wat Sun. Intelligent Technology Co., Ltd.	Director	Liang, You-Wen	C Sun Company holds 70,000,000 shares	100%
Abcon Technology Inc.	Director Director Director Director Director Supervisor	Lai, Ching-Wen Chen, Fen-Rong Liang, You-Wen Hu, Ruo-Gu Zhou, Shu-Y You, Zhen-Hui	C Sun Company holds 2,000,000shares	66.67%

4.Business Overview for Affiliates:

31 December 2020

Unit: NT$ thousands

Name of enterprises	Capital	Total assets	Total liabilities	Net value	Operating income	Operating gains	Profit or loss for the period (after tax)	Earnings per share (NT$) (after tax)
C SUN (B.V.I.) LTD	364,970	1,828,323	13,800	1,814,523	0	(237)	207,596	-
K SUN (SAMOA) LTD	76,942	16,633	6	16,627	0	(35)	(23)	-
Csun Technology (Guangzhou) Co., Ltd.	605,263	1,447,230	346,104	1,101,126	836,984	46,952	75,886	-
Alpha Joint Ltd.	16,518	77,200	0	77,200	0	(36)	7,110	-
Power Ever Enterprises Limited	168,317	913,123	159,668	753,455	128,123	(13,286)	159,560	-
Good Team International Enterprise Limited (Hong Kong)	170,880	764,572	0	764,572	0	(33)	174,415	-
Suzhou Top Creation Machines Co., Ltd.	171,332	1,459,641	692,990	766,651	1,046,497	209,813	174,423	-
Top Creation Machines Co., Ltd.	7,500	3,802	707	3,095	3,777	(1,875)	(1,858)	-
Guangzhou Y SUN Machinery Tech. Co., Ltd. (formerly Jin Li Chang)	59,090	4,424	360	4,064	2,689	178	215	-
Jiangsu Hi-tech Material Co., Ltd.	231,981	228,770	726	228,044	13,642	2,076	2,217	-
Wat Sun. Intelligent Technology Co., Ltd.	700,000	62,305	17,055	45,250	77,250	15,197	15,149	-
Abcon Technology Inc.	30,000	10,556	1,247	9,309	6,000	1,609	1,609	-

Note: Currency rate for the translation of USD to NTD: 1: 28.480 on 31 December 2020; average currency rate for 2020 was 1 : 29.549

Currency rate for the translation of RMB to NTD: 1: 4.377 on 31 December 2020; average currency rate for 2020 was 1 : 4.282

(II)Consolidated Financial Statements of Affiliates:

Statement

Companies to be included in the preparation of the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and companies to be included in the consolidated financial statements of the parent company and its subsidiaries under IFRS 10 of the Company for 2020 (for the year ended 31 December 2020) are identical; relevant information to be disclosed in the consolidated financial statements of affiliates is disclosed in the above consolidated financial statements of the parent company and its subsidiaries; therefore, no consolidated financial statements of affiliates is otherwise prepared.

The statement is hereby provided.

Name of the Company: C Sun MFG. Ltd.

Representative: Morrison Liang

4 March 2021

(III) Relationship Report: Not applicable=.

II. Private Offering for the Latest Year and as of the Date of Publishing the Annual Report: None.

III. Shares of the Company Held by or Disposed of by Subsidiaries for the Latest Year and as of the Date of Publishing the Annual Report: None.

IV. Other Matters of Supplements and Explanations Required: None.

Chapter 9. Matters Having Significant Effects on Shareholder's Interests or Securities' Price Stated in Subparagraph 2, Paragraph 2 under Article 36 of the Securities Exchange Act for the Latest Year and as of the Date of Publishing the Annual Report: None.

C SUN MFG. LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

(Stock Code：2467)

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 20000546

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Opinion

We have audited the accompanying consolidated balance sheets of C SUN MFG. LTD. 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. 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 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 judgment, 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：

Revenue recognition

Description

Refer to Notes 4(28) and 6(21) of the Group's 2020 consolidated financial statements for accounting policies on revenue recognition and the description of significant accounts – operating revenue, respectively.

The Group is primarily engaged in the manufacture and sale of related manufacturing equipment of printed circuit board and flat panel display. Main revenue recognition is based on customer's confirmation for acceptance. Since the timing of the transfer of risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the consolidated financial statements. Thus, revenue recognition has been identified as a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions including checking customer purchase orders and evidences of sales transactions.
4. Performed cut-off test on sales transactions for a specific period of time prior to and after the balance sheet date.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements

of C SUN MFG. LTD. 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 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.

Li, Tien-Yi	Tsang, Kwok-Wah

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 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.

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,621,979	24	$ 1,105,522	17
1110	Financial assets at fair value through profit or loss - current	6(2)	126,366	2	93,173	2
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,555	-	15,891	-
1150	Notes receivable, net	6(4)	35,213	1	41,630	1
1170	Accounts receivable, net	6(4) and 7	1,944,329	29	2,463,018	38
1200	Other receivables	7	11,505	-	28,585	1
130X	Inventories	6(5)	953,758	14	582,939	9
1410	Prepayments		81,478	1	57,349	1
1470	Other current assets	8	7,019	-	4,896	-
11XX	**Current Assets**		4,783,202	71	4,393,003	69
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	114,638	2	896,828	14
1550	Investments accounted for under equity method	6(6)	892,322	13	63,768	1
1600	Property, plant and equipment	6(7) and 8	709,219	10	755,251	12
1755	Right-of-use assets	6(8)	64,558	1	84,020	1
1780	Intangible assets	6(10)	51,373	1	54,474	1
1840	Deferred income tax assets	6(28)	120,294	2	148,133	2
1900	Other non-current assets	8	15,195	-	15,134	-
15XX	**Non-current assets**		1,967,599	29	2,017,608	31
1XXX	**Total assets**		$ 6,750,801	100	$ 6,410,611	100

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 570,600	8	$ 947,960	15
2120	Current financial liabilities at fair value through profit or loss	6(12)	166	-	6,876	-
2130	Current contract liabilities	6(21)	560,006	8	114,443	2
2150	Notes payable		67,232	1	60,294	1
2170	Accounts payable	6(13)	1,074,758	16	753,303	12
2180	Accounts payable - related parties	7	11,447	-	8,825	-
2200	Other payables	6(14)	615,136	9	566,568	9
2230	Current income tax liabilities		43,216	1	36,538	1
2280	Current lease liabilities		10,428	-	26,445	-
2300	Other current liabilities	6(15)	325,969	5	323,859	5
21XX	**Current Liabilities**		3,278,958	48	2,845,111	45
	Non-current liabilities					
2527	Non-current contract liabilities	6(21)	-	-	4,800	-
2540	Long-term borrowings	6(15)	432,000	7	550,000	9
2570	Deferred income tax liabilities	6(28)	330,973	5	326,854	5
2580	Non-current lease liabilities		4,474	-	7,536	-
2600	Other non-current liabilities	6(16)	21,904	-	25,990	-
25XX	**Non-current liabilities**		789,351	12	915,180	14
2XXX	**Total Liabilities**		4,068,309	60	3,760,291	59
	Equity attributable to owners of parent					
	Share capital	6(17)				
3110	Share capital - common stock		1,492,055	22	1,492,055	23
	Capital surplus	6(18)				
3200	Capital surplus		232,800	3	232,800	3
	Retained earnings	6(19)				
3310	Legal reserve		227,431	3	200,300	3
3320	Special reserve		51,901	1	51,901	1
3350	Unappropriated retained earnings		611,356	9	545,951	9
	Other equity interest	6(20)				
3400	Other equity interest		(105,878)	(1)	(10,447)	-
31XX	**Equity attributable to owners of the parent**		2,509,665	37	2,512,560	39
36XX	Non-controlling interest		172,827	3	137,760	2
3XXX	**Total equity**		2,682,492	40	2,650,320	41
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 6,750,801	100	$ 6,410,611	100

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
4000	Sales revenue	6(21) and 7	$ 4,085,806	100	$ 4,438,288	100
5000	Operating costs	6(5)	(2,538,492)	(62)	(3,169,988)	(71)
5900	Net operating margin		1,547,314	38	1,268,300	29
	Operating expenses	6(26)(27)				
6100	Selling expenses		(466,023)	(12)	(481,265)	(11)
6200	General and administrative expenses		(200,298)	(5)	(206,790)	(5)
6300	Research and development expenses		(258,182)	(6)	(245,046)	(6)
6450	Expected credit losses		(92,303)	(2)	(21,085)	-
6000	Total operating expenses		(1,016,806)	(25)	(954,186)	(22)
6900	Operating profit		530,508	13	314,114	7
	Non-operating income and expenses					
7100	Interest income	6(22)	25,468	1	24,982	1
7010	Other income	6(23)	51,826	1	127,358	3
7020	Other gains and losses	6(24)	(30,075)	(1)	(17,908)	-
7050	Finance costs	6(25)	(17,507)	-	(37,104)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method		45,631	1	6,692	-
7000	Total non-operating income and expenses		75,343	2	104,020	3
7900	**Profit before income tax**		605,851	15	418,134	10
7950	Income tax expense	6(28)	(130,606)	(3)	(79,721)	(2)
8200	**Profit for the year**		$ 475,245	12	$ 338,413	8

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
	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		($ 4,444)	-	($ 1,242)	-
8316	Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	6(20)	(99,418)	(2)	37,293	1
8320	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		9,932	-	-	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(93,930)	(2)	36,051	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		24,238	-	(78,289)	(2)
8370	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		8,141	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	(4,345)	-	14,588	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		28,034	-	(63,701)	(2)
8300	**Other comprehensive loss for the year**		($ 65,896)	(2)	($ 27,650)	(1)
8500	**Total comprehensive income for the year**		$ 409,349	10	$ 310,763	7
	Profit attributable to:					
8610	Owners of the parent		$ 438,766	11	$ 312,390	7
8620	Non-controlling interest		36,479	1	26,023	1
	Profit for the year		$ 475,245	12	$ 338,413	8
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 370,118	9	$ 290,089	7
8720	Non-controlling interest		39,231	1	20,674	-
	Total comprehensive income for the year		$ 409,349	10	$ 310,763	7
	Basic earnings per share	6(29)				
9750	Total basic earnings per share		$	2.94	$	2.09
	Diluted earnings per share	6(29)				
9850	Total diluted earnings per share		$	2.94	$	2.09

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

C SUN MFG. LTD. 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	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other	Treasury shares	Total	Non-controlling interest	Total equity
2019													
Balance at January 1, 2019		$ 1,587,445	$ 246,818	$ 144,662	$ 51,901	$ 703,284	($ 102,461)	$ 114,723	$ 530	($ 151,418)	$ 2,595,484	$ 123,502	$ 2,718,986
Profit for the year		-	-	-	-	312,390	-	-	-	-	312,390	26,023	338,413
Other comprehensive (loss) income for the year	6(20)	-	-	-	-	(1,242)	(58,352)	37,293	-	-	(22,301)	(5,349)	(27,650)
Total comprehensive (loss) income		-	-	-	-	311,148	(58,352)	37,293	-	-	290,089	20,674	310,763
Distribution of 2018 earnings:													
Legal reserve	6(19)	-	-	55,638	-	(55,638)	-	-	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(373,013)	-	-	-	-	(373,013)	-	(373,013)
Disposal of equity instruments at fair value through other comprehesive income	6(20)	-	-	-	-	2,180	-	(2,180)	-	-	-	-	-
Cancellation of treasury shares		(95,390)	(14,018)	-	-	(42,010)	-	-	-	151,418	-	-	-
Cash dividends from subsidiaries		-	-	-	-	-	-	-	-	-	-	(6,416)	(6,416)
Balance at December 31, 2019		$ 1,492,055	$ 232,800	$ 200,300	$ 51,901	$ 545,951	($ 160,813)	$ 149,836	$ 530	$ -	$ 2,512,560	$ 137,760	$ 2,650,320
2020													
Balance at January 1, 2020		$ 1,492,055	$ 232,800	$ 200,300	$ 51,901	$ 545,951	($ 160,813)	$ 149,836	$ 530	$ -	$ 2,512,560	$ 137,760	$ 2,650,320
Profit for the year		-	-	-	-	438,766	-	-	-	-	438,766	36,479	475,245
Other comprehensive (loss) income for the year	6(20)	-	-	-	-	(4,444)	25,282	(89,486)	-	-	(68,648)	2,752	(65,896)
Total comprehensive (loss) income		-	-	-	-	434,322	25,282	(89,486)	-	-	370,118	39,231	409,349
Distribution of 2019 earnings:													
Legal reserve	6(19)	-	-	27,131	-	(27,131)	-	-	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(373,013)	-	-	-	-	(373,013)	-	(373,013)
Disposal of equity instruments at fair value through other comprehesive income	6(20)	-	-	-	-	31,227	-	(31,227)	-	-	-	-	-
Cash dividends from subsidiaries		-	-	-	-	-	-	-	-	-	-	(4,164)	(4,164)
Balance at December 31, 2020		$ 1,492,055	$ 232,800	$ 227,431	$ 51,901	$ 611,356	($ 135,531)	$ 29,123	$ 530	$ -	$ 2,509,665	$ 172,827	$ 2,682,492

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

C SUN MFG. LTD. 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		$ 605,851	$ 418,134
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(26)	95,199	94,868
Amortization	6(26)	6,282	7,619
Expected credit impairment loss	12(2)	92,303	21,085
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(24)	(9,359)	2,975
Interest expense	6(25)	17,507	37,104
Interest income	6(22)	(25,468)	(24,982)
Dividend income	6(23)	(12,507)	(53,293)
Profit on investments accounted for under the equity method		(45,631)	(6,692)
Property, plant, and equipment transferred to expenses		100	-
Loss on disposal of property, plant and equipment, net	6(24)	199	(226)
Gain on disposal of financial assets	6(24)	(10,351)	(2,729)
Impairment loss from non – financial assets	6(24)	1,285	1,345
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(82,256)	12,616
Proceeds from disposal of Financial assets at fair value through profit or loss		62,134	-
Notes receivable		6,766	4,975
Accounts receivable		438,832	(24,854)
Accounts receivable-related parties		(6)	795
Other receivables		1,310	156
Inventories		(367,247)	367,908
Prepayments		(24,839)	9,585
Other current assets		(1,785)	(1,008)
Changes in operating liabilities			
Notes payable		6,938	(97,321)
Accounts payable		319,173	(206,857)
Other payables		50,281	(8,862)
Current contract liabilities		440,763	(66,537)
Other current liabilities		2,110	15,189
Accrued pension liabilities		(3,091)	(8,566)
Cash inflow generated from operations		1,564,493	492,427
Dividend received		12,507	53,293
Interest paid		(18,622)	(36,658)
Income tax paid		(104,928)	(103,689)
Net cash flows from operating activities		1,453,450	405,373

(Continued)

C SUN MFG. LTD. 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 INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 23,015)	($ 65,195)
Proceeds from disposal of Financial assets at fair value through other comprehensive income		19,774	11,516
Proceeds from capital reduction of investments of Financial assets at fair value through other comprehensive income		15,714	1,800
Dividend received from investment accounted for under the equity method		52,776	-
Increase in investment accounted for under the equity method		(139,087)	-
Acquisition of property, plant, and equipment	6(30)	(18,577)	(60,119)
Proceeds from disposal of property, plant and equipment		46	1,080
Acquisition of intangible assets		(2,617)	(5,584)
Refundable deposits refunded (paid)		5,026	(995)
Increase in other receivables		15,041	(15,041)
(Increase) decrease in other financial assets		(337)	13,407
(Increase) decrease in other non-current assets		(6,071)	6,837
Interest received		26,197	24,483
Net cash flows used in investing activities		(55,130)	(87,811)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	4,625,483	7,831,049
Repayment of short-term borrowings	6(31)	(5,002,843)	(7,762,538)
Increase in long-term borrowings	6(31)	842,000	1,990,000
Repayment of long-term borrowings	6(31)	(960,000)	(1,760,000)
Increase in guarantee deposits received	6(31)	247	1,268
Repayment of principal portion of lease liabilities	6(31)	(29,055)	(27,952)
Payment of cash dividends		(373,014)	(373,013)
Cash dividends from subsidiaries		(4,164)	(6,416)
Net cash flows used in financing activities		(901,346)	(107,602)
Effect of exchange rate		19,483	(62,829)
Net increase in cash and cash equivalents		516,457	147,131
Cash and cash equivalents at beginning of year	6(1)	1,105,522	958,391
Cash and cash equivalents at end of year	6(1)	$ 1,621,979	$ 1,105,522

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

C SUN MFG. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

C SUN MFG. LTD. (the “Company”) was incorporated in April, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in electron, semiconductors, liquid crystal displays (LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the previous products.

In September, 2001, The Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 4, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7 ,‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note：Earlier application from January 1, 2020 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ' Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2020	December 31, 2019	Note
C SUN MFG. LTD.	C Sun (B.V.I.) Ltd.	Holding company	100%	100%	
C SUN MFG. LTD.	K Sun (Samoa) Ltd.	Holding company	100%	100%	
C SUN MFG. LTD.	Wat Sun. Intelligent Technology Co., Ltd.	Manufacturing and Selling	100%	100%	
C SUN MFG. LTD.	Abcon Technology Inc.	Manufacturing and Selling	66.67%	66.67%	
C Sun (B.V.I.) Ltd.	Csun Technology (Guangzhou) Co., Ltd.	Manufacturing and Selling	100%	100%	
C Sun (B.V.I.) Ltd.	Alpha Joint Ltd.	Holding company	100%	100%	
C Sun (B.V.I.) Ltd.	Power Ever Enterprises Limited	Holding company	77.47%	77.47%	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Holding company	100%	100%	
Good Team International Enterprises Limited	Suzhou Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines CO., Ltd.	Manufacturing and Selling	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2020	Ownership(%) December 31, 2019	Note
Csun Technology (Guangzhou) Co., Ltd.	Guangzhou Y SUN Machinery Tech. Co., Ltd.	Manufacturing and Selling	100%	100%	
Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chunag Gao Xin Materials Technology Co., Ltd.	Manufacturing and Selling	100%	100%	

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

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

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

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

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

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

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

(9) Accounts and notes receivable

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

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

(10) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that does not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

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

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

(13) Inventories

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

(14) Investments accounted for using equity method / associates

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

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

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

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

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

(15) Property, plant and equipment

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

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

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

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

Buildings and structures	2 ~ 50 years
Machinery and equipment	2 ~ 11 years
Office equipment	2 ~ 8 years
Transportation equipment	4 ~ 11 years
Other equipment	2 ~ 16 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill

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

C. Other intangible assets

Other intangible assets mainly patent, are amortised on a straight-line basis over their estimated useful lives of 3 ~ 10 years.

(18) Impairment of non-financial assets

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

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

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

(19) Borrowings

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

(20) Notes and accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Provisions

Provisions (including warranties and onerous contracts) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(25) Income tax

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

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

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

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

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

(26) Share capital

A. Ordinary shares are classified as equity.

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

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

A. Sales revenue

Sales revenue from manufacturing electronics and semiconductor equipment and selling automation system integration technology. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Sales of services

When the Group provides maintenance services, the customer obtains and consumes the performance benefits at the same time, and the relevant revenue is recognised when the service is provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(29) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 2,805	$ 2,348
Checking accounts and demand deposits	1,483,412	1,063,937
Time deposits	135,762	9,575
Bank acceptance	-	29,662
	$ 1,621,979	$ 1,105,522

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

B. Information about cash and cash equivalents that were pledged to others as collateral and classified as other current assets is provided in Note 8.

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

	December 31, 2020		December 31, 2019	
Current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Beneficiary certificates	$	124,940	$	92,952
Derivatives		705		-
		125,645		92,952
Valuation adjustment		721		221
	$	126,366	$	93,173

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

	2020		2019	
Financial assets mandatorily measured at fair value through profit or loss				
Equity instruments	$	1,394	($	2,975)

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2020	
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	CNY 10,000	2020/12-2021/2
	USD 1,000	2020/12-2021/3

December 31,2019: None.

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2020	December 31, 2019
Current items:		
Equity instruments		
Listed stocks	$ 1,272	$ 19,153
Valuation adjustment	283	(3,262)
	$ 1,555	$ 15,891
Non-current items:		
Equity instruments		
Listed stocks	$ -	$ 626,592
Emerging stocks	27,228	25,757
Unlisted stocks	74,814	98,024
	102,042	750,373
Valuation adjustment	12,596	146,455
	$ 114,638	$ 896,828

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $116,193 and $912,719 as at December 31, 2020 and 2019, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 99,418)	$ 37,293
Cumulative gains (losses) reclassified to retained earnings due to derecognition	($ 31,227)	($ 2,180)

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $116,193 and $912,719, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 35,236	$ 41,741
Less: Allowance for uncollectible accounts	(23)	(111)
	$ 35,213	$ 41,630
Accounts receivable	$ 2,170,212	$ 2,590,597
Less: Allowance for uncollectible accounts	(225,883)	(127,579)
	$ 1,944,329	$ 2,463,018
Overdue receivable	$ 69,321	$ 142,195
Less: Allowance for uncollectible accounts	(69,321)	(142,195)
	$ -	$ -

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due to 60 days	$ 2,065,346	$ 35,236	$ 2,514,522	$ 41,741
61 to 120 days	62,647	-	4,993	-
121 to 180 days	2,208	-	18,596	-
Over 180 days	40,011	-	52,486	-
	$ 2,170,212	$ 35,236	$ 2,590,597	$ 41,741

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to $2,506,649.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was $35,213 and $41,630; $1,944,329 and $2,463,018, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 240,334	($ 135,650)	$ 104,684
Work in progress	610,241	(85,535)	524,706
Finished goods	425,091	(100,723)	324,368
Total	$ 1,275,666	($ 321,908)	$ 953,758

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 284,038	($ 168,978)	$ 115,060
Work in progress	503,923	(254,847)	249,076
Finished goods	328,759	(113,009)	215,750
Inventory in transit	3,053	-	3,053
Total	$ 1,119,773	$ (536,834)	$ 582,939

The cost of inventories recognised as expense for the period:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Cost of goods sold and others	$ 2,753,418	$ 2,985,657
(Rreversal of) loss on decline in market value	(214,926)	184,331
Total	$ 2,538,492	$ 3,169,988

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of sold inventory.

(6) Investments accounted for using equity method

	December 31, 2020	December 31, 2019
Associates:		
Gallant Precision Machining Co., Ltd.	$ 734,188	$ -
Gallant Micro. Machining Co., Ltd.	86,153	-
Alpha-Cure Asia Co.,Ltd.	71,981	63,768
	$ 892,322	$ 63,768

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2020	December 31, 2019		
Gallant Precision Machining Co., Ltd.	Taiwan	23.94%	-	Business strategy	Equity method
Gallant Micro. Machining Co., Ltd.	Taiwan	20.1% (Note)	-	Business strategy	Equity method
Alpha-Cure Asia Co.,Ltd.	China	25%	25%	Business strategy	Equity method

Note: The shares of Gallant Micro. Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company's comprehensive shareholding ratio was 20.1%, of which 6.41% of Gallant Micro. Machining Co., Ltd.'s shares was directly held by the Company and 13,69% was indirectly held through the associate.

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.
	December 31, 2020	December 31, 2019
Current assets	$ 4,797,281	$ 1,366,442
Non-current assets	1,292,996	579,951
Current liabilities	(2,902,762)	(731,966)
Non-current liabilities	(515,556)	(259,532)
Total net assets	$ 2,671,959	$ 954,895
Share in associate's net assets	$ 647,094	$ 60,192
Goodwill	87,094	25,961
Carrying amount of the associate	$ 734,188	$ 86,153

Statement of comprehensive income

	Gallant Precision Machining Co., Ltd.		Gallant Micro. Machining Co., Ltd.	
	Year ended December 31, 2020		Year ended December 31, 2019	
Revenue	$	3,460,391	$	877,331
Profit for the period from continuing operations	$	160,618	$	35,268
Loss for the period from discontinued operations		-		-
Other comprehensive income, net of tax		71,714		63,405
Total comprehensive income	$	232,332	$	98,673
Dividends received from associates	$	52,776	$	5,436

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to $71,981 and $63,768, respectively.

	Year ended December 31, 2020		Year ended December 31, 2019	
Profit or loss for the period from continuing operations	$	23,305	$	26,767
Loss for the period from discontinued operations		-		-
Other comprehensive income, net of tax		-		-
Total comprehensive income	$	23,305	$	26,767

(d) The Group's material associates Gallant Precision Machining Co., Ltd. and Gallant Micro. Machining Co., Ltd. have quoted market prices. As of December 31, 2020, the fair value were $1,654,658 and $106,908, respectively.

(e) The shares of Gallant Precision Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company cumulatively increased its shareholdings in Gallant Precision Machining Co., Ltd. on March 30, 2020, and the Group obtained significant influence over it.

(f) The Group is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 23.94% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same and the remaining shares are widely held, which indicates that the Group has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Group has no control, but only has significant influence, over the investee.

(7) Property, plant and equipment

	2020							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	$ 174,128	$ 622,805	$ 121,824	$ 92,862	$ 30,846	$ 171,935	$ 24,147	$ 1,238,547
Accumulated depreciation	-	(191,283)	(93,026)	(66,363)	(23,856)	(108,768)	-	(483,296)
	$ 174,128	$ 431,522	$ 28,798	$ 26,499	$ 6,990	$ 63,167	$ 24,147	$ 755,251
Opening net book amount	$ 174,128	$ 431,522	$ 28,798	$ 26,499	$ 6,990	$ 63,167	$ 24,147	$ 755,251
Additions	-	2,918	631	7,064	-	4,739	2,629	17,981
Disposals	-	-	(111)	(74)	-	(60)	-	(245)
Reclassifications(Note)	-	12,386	1	9,855	-	270	(23,469)	(957)
Depreciation charge	-	(23,149)	(6,777)	(13,623)	(2,425)	(19,934)	-	(65,908)
Net exchange differences	-	2,495	316	156	64	(15)	81	3,097
Closing net book amount	$ 174,128	$ 426,172	$ 22,858	$ 29,877	$ 4,629	$ 48,167	$ 3,388	$ 709,219
At December 31								
Cost	$ 174,128	$ 642,066	$ 122,697	$ 108,383	$ 30,521	$ 177,480	$ 3,388	1,258,663
Accumulated depreciation	-	(215,894)	(99,839)	(78,506)	(25,892)	(129,313)	-	(549,444)
	$ 174,128	$ 426,172	$ 22,858	$ 29,877	$ 4,629	$ 48,167	$ 3,388	$ 709,219

Note：It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to $12,386, machinery and equipment amounting $1, other equipment amounting to $270, office equipment amounting to $9,855, intangible assets amounting to $857, and office equipment transferred to expense amounting to $100.

	2019							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	$ 174,128	$ 624,385	$ 137,794	$ 90,431	$ 38,170	$ 158,608	$ -	$ 1,223,516
Accumulated depreciation	-	(173,240)	(100,464)	(63,477)	(27,310)	(95,074)	-	(459,565)
	$ 174,128	$ 451,145	$ 37,330	$ 26,954	$ 10,860	$ 63,534	$ -	$ 763,951
Opening net book amount	$ 174,128	$ 451,145	$ 37,330	$ 26,954	$ 10,860	$ 63,534	$ -	$ 763,951
Additions	-	9,330	756	10,858	-	15,514	24,147	60,605
Disposals	-	(7)	(207)	(99)	(313)	(228)	-	(854)
Reclassifications	-	-	-	-	-	7,369	-	7,369
Depreciation charge	-	(21,951)	(7,998)	(10,689)	(3,295)	(20,746)	-	(64,679)
Net exchange differences	-	(6,995)	(1,083)	(525)	(262)	(2,276)	-	(11,141)
Closing net book amount	$ 174,128	$ 431,522	$ 28,798	$ 26,499	$ 6,990	$ 63,167	$ 24,147	$ 755,251
At December 31								
Cost	$ 174,128	$ 622,805	$ 121,824	$ 92,862	$ 30,846	$ 171,935	$ 24,147	$ 1,238,547
Accumulated depreciation	-	(191,283)	(93,026)	(66,363)	(23,856)	(108,768)	-	(483,296)
	$ 174,128	$ 431,522	$ 28,798	$ 26,499	$ 6,990	$ 63,167	$ 24,147	$ 755,251

Note：It refers to other non-current asset transferred to other equipment amounting to $7,369.

A. There were no borrowing costs capitalized as part of property, plant and equipment for the years ended December 31, 2020 and 2019, respectively.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, multifunction printers, business vehicles. Land contract is typically made for periods of 26 to 50 years and other rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles, which were excluded from the right-of-use assets.

C. The carrying amount of the depreciation charge are as follows:

	Carrying amount	
	December 31, 2020	December 31, 2019
Land	$ 50,016	$ 50,715
Buildings	6,893	27,448
Transportation equipment (Business vehicles)	7,114	4,448
Office equipment (Photocopiers)	535	1,409
	$ 64,558	$ 84,020

	Depreciation charge	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Land	$ 1,466	$ 1,535
Buildings	22,327	22,625
Transportation equipment (Business vehicles)	4,620	5,203
Office equipment (Photocopiers)	878	826
	$ 29,291	$ 30,189

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $9,029 and $7,925, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 908	$ 1,960
Expense on short-term lease contracts	1,346	4,556
Expense on leases of low-value assets	351	574

F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were $31,660 and $35,042, respectively.

(9) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 6 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the years ended December 31, 2020 and 2019, the Group recognised rent income in the amounts of $10,519 and $3,962, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2020			December 31, 2019	
2021	$	11,273	2020	$	4,008
2022		11,493	2021		4,008
2023		7,783	2022		4,237
2024		7,444	2023		355
2025		7,444		$	12,608
After 2026		31,017			
	$	76,454			

(10) Intangible assets

	2020			
	Software	Patent	Goodwill	Total
At January 1				
Cost	$ 30,849	$ 4,217	$ 201,163	$ 236,229
Accumulated amortisation and impairment	(23,250)	(2,062)	(156,443)	(181,755)
	$ 7,599	$ 2,155	$ 44,720	$ 54,474
Opening net book amount as at January 1	$ 7,599	$ 2,155	$ 44,720	$ 54,474
Additions	2,546	71	-	2,617
Reclassifications (Note)	1,561	368	-	1,929
Impairment loss	-	-	(1,285)	(1,285)
Amortisation charge	(4,935)	(364)	-	(5,299)
Net exchange differences	368	(341)	(1,090)	(1,063)
Closing net book amount as at December 31	$ 7,139	$ 1,889	$ 42,345	$ 51,373
At December 31				
Cost	$ 20,904	$ 4,354	$ 200,170	$ 225,428
Accumulated amortisation and impairment	(13,765)	(2,465)	(157,825)	(174,055)
	$ 7,139	$ 1,889	$ 42,345	$ 51,373

Note：The reclassification on December 31, 2020 refers to construction in process and prepayment for equipment transferred to software amounting to $857, and prepaid expenses transferred to software amounting to $704, and other financial assets transferred to patents amounting to $368.

	2019			
	Software	Patent	Goodwill	Total
At January 1				
Cost	$ 24,068	$ 4,212	$ 203,257	$ 231,537
Accumulated amortisation and impairment	(15,630)	(1,782)	(155,797)	(173,209)
	$ 8,438	$ 2,430	$ 47,460	$ 58,328
Opening net book amount as at January 1	$ 8,438	$ 2,430	$ 47,460	$ 58,328
Additions	5,412	172	-	5,584
Impairment loss	-	-	(1,345)	(1,345)
Amortisation charge	(6,258)	(366)	-	(6,624)
Net exchange differences	7	(81)	(1,395)	(1,469)
Closing net book amount as at December 31	$ 7,599	$ 2,155	$ 44,720	$ 54,474
At December 31				
Cost	$ 30,849	$ 4,217	$ 201,163	$ 236,229
Accumulated amortisation and impairment	(23,250)	(2,062)	(156,443)	(181,755)
	$ 7,599	$ 2,155	$ 44,720	$ 54,474

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Operating costs	$ 727	$ 330
Selling expenses	385	240
Administrative expenses	3,009	5,311
Research and development expenses	1,178	743
	$ 5,299	$ 6,624

(11) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 570,600	0.61%~0.95%	None

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 947,960	1.15%~2.75%	None

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

Items	December 31, 2020	December 31, 2019
Current items:		
Financial liabilities held for trading		
Derivative instruments	$ 166	$ 6,876

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	2020	2019
Financial liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	($ 7,965)	$ -

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

	December 31, 2020		December 31, 2019	
Derivative financial liabilities	Contract amount (Notional principal) (in thousands)	Contract period	Contract amount (Notional principal) (in thousands)	Contract period
Current items:				
Forward foreign exchange contracts	USD 6,990	2020/11-2021/2	USD 23,500	2020/1-2020/2

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(13) Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable	$ 943,626	$ 594,834
Estimated accounts payable	131,132	158,469
	$ 1,074,758	$ 753,303

(14) Other payables

	December 31, 2020		December 31, 2019	
Salary and bonus payable	$	264,074	$	179,569
Employees' compensation and directors' remuneration payable		17,360		12,516
Pension payable under the new labor pension system		24,887		22,595
Accrued annual leave		20,513		19,072
Accrued professional service fees		6		6
Payable on machinery and equipment		504		1,100
Others		287,792		331,710
	$	615,136	$	566,568

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note2	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note2	24,000

Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note2	108,000
				732,000
Less: Current portion (shown as other current liabilities)				(300,000)
				$ 432,000

Interest rate range: 0.52%~0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2019
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Unsecured borrowings	Borrowing period is from November 29, 2019 to February 10, 2020, interest is repayable monthly, the credit can be redrawn during the contract period from April 18, 2019 to April 17, 2021.	Fixed	None	150,000
Unsecured borrowings	Borrowing period is from November 1, 2019 to November 1, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Secured borrowings	Borrowing period is from November 20, 2019 to January 20, 2020, interest is repayable monthly, the principal is repayable in full at maturity. The credit can be redrawn during the contract period from October 27, 2015 to October 27, 2020.	Fixed	Note1	300,000
				850,000
Less: Current portion (shown as other current liabilities)				(300,000)
				$ 550,000

Interest rate range: 1.02%~1.79%

Note 1：In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed E.Sun Commercial Bank, Ltd., Bank of Taiwan, Chang Hwa Commercial Bank, Bank SinoPac Company Limited, Yuanta Commercial Bank Co., Ltd. and First Commercial Bank (hereafter individually referred to as the “management bank”) to arrange a bank group and provide a syndicated loan amounting to $1.8 billion with a credit term of five years from the date of first drawdown. The Company has pledged the property (please refer to Note 8 for details) and signed a commercial paper at face value of NT $1.8 million to the management bank as collateral.

According to the abovementioned syndicated loan agreement, the Company agreed to provide the consolidated financial statements audited or reviewed by the CPA quarterly and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

A. Current ratio: Current assets against current liabilities shall be at least 120%.
B. Debt ratio: Debt against net tangible assets shall be no more than 200%.
C. Interest coverage ratio: the net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.
D. Net tangible assets: the net value less intangible assets shall be no less than $2 billion.

Note 2：In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed Taipei Fubon Commercial Bank Co., Ltd. to provide a loan amounting to $500 million with a credit term of five years from the date of first drawdown. The Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

A. Current ratio: Current assets against current liabilities shall be at least 120%.
B. Debt ratio: Debt against net tangible assets shall be no more than 200%.
C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.
D. Net tangible assets: the net asset value less intangible shall be no less than $2 billion.

The 2020 and 2019 consolidated financial statements of the Group met the requirements of the financial ratio limits.

(16) Pensions

A. (a)The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 150,560)	($ 144,251)
Fair value of plan assets	130,720	120,079
Net defined benefit liability	($ 19,840)	($ 24,172)

(c) Movements in net defined benefit liabilities are as follows:

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 144,251)	$ 120,079	($ 24,172)
Current service cost	(615)	-	(615)
Interest (expense) income	(1,082)	937	(145)
	(145,948)	121,016	(24,932)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,978	3,978
Change in demographic assumptions	(883)	-	(883)
Change in financial assumptions	(4,209)	-	(4,209)
Experience adjustments	(3,330)	-	(3,330)
	(8,422)	3,978	(4,444)
Pension fund contribution	-	9,536	9,536
Paid pension	3,810	(3,810)	-
At December 31	($ 150,560)	$ 130,720	($ 19,840)

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 147,824)	$ 116,328	($ 31,496)
Current service cost	(672)	-	(672)
Interest (expense) income	(1,663)	1,362	(301)
	(150,159)	117,690	(32,469)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,994	3,994
Change in demographic assumptions	(762)	-	(762)
Change in financial assumptions	(5,962)	-	(5,962)
Experience adjustments	1,490	-	1,490
	(5,234)	3,994	(1,240)
Pension fund contribution	-	9,537	9,537
Paid pension	11,142	(11,142)	-
At December 31	($ 144,251)	$ 120,079	($ 24,172)

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31, 2020	Year ended December 31, 2019
Discount rate	0.5%	0.75%
Future salary increases	3%	3%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	$ 4,240	($ 4,408)	($ 4,228)	$ 4,086
December 31, 2019				
Effect on present value of defined benefit obligation	$ 4,035	($ 4,201)	($ 4,032)	$ 3,895

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to $9,536.

(h) As of December 31, 2020, the weighted average duration of the retirement plan is 11.4 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	4,175
1-2 year(s)		3,944
2-5 years		21,881
Over 5 years		39,419
	$	69,419

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries (Wat Sun. Intelligent Technology Co., Ltd.,Top Creation Machines Co., Ltd. and Abcon Technology Inc.) have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s mainland China subsidiaries, Csun Technology (Guangzhou) Co., Ltd.,Suzhou Top Creation Machines Co., Ltd., Guangzhou Y SUN Machinery Tech. Co., Ltd. and Jiangsu Chunag Gao Xin Materials Technology Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 10%~20%, respectively. Other than the monthly contributions, the Group has no further obligations.

(c) C Sun (B.V.I.) Ltd., K Sun (Samoa) Ltd., Alpha Joint Ltd., Power Ever Enterprises Limited and Good Team International Enterprises Limited have no pension scheme.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019, were $12,684 and $12,576, respectively.

(17) Share capital

A. As of December 31, 2020, the Company’s authorised capital was $2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was $1,492,055 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows:

Unit：thousands shares

	2020	2019
At January 1 / December 31	149,206	149,206

B. Treasury shares

(a) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(b) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(d) On March 14, 2019, the Board of Directors of the Company resolved to retire treasury shares by 9,539 thousand shares, the paid-in capital was $1,492,055 after the capital decrease and the effective date was set on April 24, 2019.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2020					
	Share premium	Combined premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee restricted shares	Net change in equity of associates
At January 1/ December 31	$ 85,584	$ 133,672	$ 11,761	$ 1,776	$ 7	$ 232,800

	Share premium	Combined premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee restricted shares	Net change in equity of associates
January 1	$ 91,056	$ 142,218	$ 11,761	$ 1,776	$ 7	$ 246,818
Disposal of treasury shares	(5,472)	(8,546)	-	-	-	(14,018)
December 31	$ 85,584	$ 133,672	$ 11,761	$ 1,776	$ 7	$ 232,800

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The appropriation of 2019 and 2018 earnings had been resolved at the stockholders' meeting on May 21, 2020 and June 13, 2019, respectively. Details are summarized below:

	2019		2018	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	$ 27,131	$ -	$ 55,638	$ -
Cash dividends	373,013	2.5	373,013	2.5
	$ 400,144	$ 2.5	$ 428,651	$ 2.5

E. On March 4, 2021, the Board of Directors proposed for the distribution of dividends from the 2020 earnings in the amount of $373,013 at $2.5 (in dollars) per share and ordinary shares in the amount of $29,841 at $0.2 (in dollars). As of March 4, 2021, the aforementioned distribution has not yet been resolved by the shareholders.

(20) Other equity items

	2020			
	Unrealised gains(losses) on valuation	Currency translation	Other	Total
At January 1	$ 149,836	($ 160,813)	$ 530	($ 10,447)
Valuation adjustment	(89,486)	-	-	(89,486)
Disposal transferred out from retained earnings	(31,227)	-	-	(31,227)
Currency translation differences:				
-Group	-	25,282	-	25,282
At December 31	$ 29,123	($ 135,531)	$ 530	($ 105,878)

	2019			
	Unrealised gains(losses) on valuation	Currency translation	Other	Total
At January 1	$ 114,723	($ 102,461)	$ 530	$ 12,792
Valuation adjustment	37,293	-	-	37,293
Disposal transferred out from retained earnings	(2,180)	-	-	(2,180)
Currency translation differences:				
-Group	-	(58,352)	-	(58,352)
At December 31	$ 149,836	($ 160,813)	$ 530	($ 10,447)

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the year ended December 31, 2020	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	$ 799,631	$ 3,055,128	$ 162,628	$ 4,017,387
Over time	68,419	-	-	68,419
Total	$ 868,050	$ 3,055,128	$ 162,628	$ 4,085,806

For the year ended December 31, 2019	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	$ 860,695	$ 3,313,370	$ 192,859	$ 4,366,924
Over time	71,364	-	-	71,364
Total	$ 932,059	$ 3,313,370	$ 192,859	$ 4,438,288

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2020	December 31, 2019
Contract liabilities	$ 560,006	$ 119,243

Revenue recognised that was included in the contract liability balance at the beginning of the year

	December 31, 2020	December 31, 2019
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Contract liabilities	$ 78,118	$ 176,146

(22) Interest income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income from bank deposits	$ 25,468	$ 24,982

(23) Other income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rent income	$ 200	$ -
Dividend income	12,507	53,293
Other income	39,119	74,065
	$ 51,826	$ 127,358

(24) Other gains and losses

	For the year ended December 31, 2020	For the year ended December 31, 2019
Gains(Losses) on disposal of property, plant and equipment	($ 199)	$ 226
Gains on disposal of investments	10,351	2,729
Net currency exchange losses	(41,810)	(15,170)
Net gains on financial assets at fair value through profit	9,359	(2,975)
Impairment loss of non-financial assets	(1,285)	(1,345)
Other expenses	(6,491)	(1,373)
Total	($ 30,075)	($ 17,908)

(25) Finance costs

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest expense :		
Bank loan	$ 16,599	$ 35,144
Lease liabilities	908	1,960
	$ 17,507	$ 37,104

(26) Expenses by nature

	For the year ended December 31, 2020	For the year ended December 31, 2019
Employee benefit expenses	$ 640,249	$ 652,748
Depreciation charges on property, plant and equipment	$ 95,199	$ 94,868
Amortisation charges on intangible assets	$ 6,282	$ 7,619

(27) Employee benefit expenses

	For the year ended December 31, 2020	For the year ended December 31, 2019
Wages and salaries	$ 572,310	$ 567,164
Labour and health insurance fees	30,740	46,665
Pension costs	13,444	13,549
Other personnel expenses	23,755	25,370
Total	$ 640,249	$ 652,748

A. The current year’s earnings, if any, shall be distributed a ratio of 1%~9% as employees’ compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors’ remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees’ compensation and directors’ remuneration shall be submitted to the shareholders' meeting.

If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $5,341 and $3,851, respectively; while directors' and supervisors' remuneration was accrued at $12,018 and $8,665, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2.25% of distributable profit of current year for the year ended December 31, 2020.

Employees' compensation and directors' remuneration of 2019 as resolved by the shareholders during the meetings in the amounts of $3,851 and $8,665, respectively, were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2020	Year ended December 31, 2019
Current tax:		
Current tax on profits for the year	$ 110,977	$ 90,670
Tax on undistributed surplus earnings	-	9,066
Prior year income tax overestimation	(7,984)	(9,431)
Total current tax	102,993	90,305
Deferred tax:		
Origination and reversal of temporary differences	27,613	(7,584)
Total deferred tax	27,613	(7,584)
Income tax expense	$ 130,606	$ 79,721

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Currency translation differences	($ 4,345)	$ 14,588

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2020	Year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	$ 159,297	$ 96,401
Expenses disallowed by tax regulation	-	24
Tax exempt income by tax regulation	(13,477)	(27,034)
Temporary differences not recognised as deferred tax assets	16,726	18,220
Taxable loss not recognised as deferred tax assets	-	36
Prior year income tax (over) underestimation	(7,984)	(9,431)
Income tax paid in and for income derived from Mainland China	(20,574)	(2,182)
Tax on undistributed earnings	-	6,066
Influence of loss deduction	(3,382)	(2,379)
Income tax expense	$ 130,606	$ 79,721

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
－Deferred tax assets:				
Temporary differences:				
Unrealised exchange loss	$ 8,113	$ 4,006	$ -	$ 12,119
Unrealised inventory valuation loss	64,805	(34,172)	-	30,633
Unrealised gain (loss) on financial instruments	1,375	(1,375)	-	-
Allowance for uncollectible accounts in excess of tax limits	22,869	7,088	-	29,957
Unrealised gross profit from downstream sales on inter-affiliate accounts	3,261	83	-	3,344
Unrealised gross profit from upstream sales on inter-affiliate accounts	453	250	-	703
Defined benefit plan	10,058	-	-	10,058
Accrued annual leave	3,741	96	-	3,837
Impairment loss	21,570	530	-	22,100
Currency translation differences	11,608	-	(4,345)	7,263
Other	280	-	-	280
	$ 148,133	($ 23,494)	($ 4,345)	$ 120,294
－Deferred tax liabilities:				
Unrealised exchange gain	($ 2,216)	($ 2,194)	$ -	($ 4,410)
Unrealised gain (loss) on financial instruments	-	(141)	-	(141)
Investment income recognized under equity method	(291,005)	(65)	-	(291,070)
Defined benefit plan	(10,790)	(1,719)	-	(12,509)
Land Value Increment Tax	(22,843)	-	-	(22,843)
	($ 326,854)	($ 4,119)	$ -	($ 330,973)
	($ 178,721)	($ 27,613)	($ 4,345)	($ 210,679)

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
－Deferred tax assets:				
Temporary differences:				
Unrealised exchange loss	$ 1,415	$ 6,698	$ -	$ 8,113
Unrealised inventory valuation loss	39,153	25,652	-	64,805
Unrealised gain (loss) on financial instruments	-	1,375	-	1,375
Allowance for uncollectible accounts in excess of tax limits	19,296	3,573	-	22,869
Unrealised gross profit from downstream sales on inter-affiliate accounts	2,701	560	-	3,261
Unrealised gross profit from upstream sales on inter-affiliate accounts	1,702	(1,249)	-	453
Defined benefit plan	10,058	-	-	10,058
Accrued annual leave	3,526	215	-	3,741
Impairment loss	22,476	(906)	-	21,570
Currency translation differences	-	-	11,608	11,608
Other	280	-	-	280
	$ 100,607	$ 35,918	$ 11,608	$ 148,133
－Deferred tax liabilities:				
Unrealised exchange gain	($ 1,887)	($ 329)	$ -	($ 2,216)
Unrealised gain (loss) on financial instruments	(260)	260	-	-
Investment income recognized under equity method	(264,452)	(26,553)	-	(291,005)
Currency translation differences	(2,980)	-	2,980	-
Defined benefit plan	(9,078)	(1,712)	-	(10,790)
Land Value Increment Tax	(22,843)	-	-	(22,843)
	($ 301,500)	($ 28,334)	$ 2,980	($ 326,854)
	($ 200,893)	$ 7,584	$ 14,588	($ 178,721)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	$ 57,231	$ 49,897	$ 49,897	2021
2012	55,080	55,080	55,080	2022
2012	78,864	78,864	78,864	2023
2014	70,096	70,096	70,096	2024
2015	215,855	215,855	215,855	2025
2016	420,100	420,100	420,100	2026
2017	253,271	253,271	253,271	2027
2018	2,507	2,507	2,507	2028
2019	2,380	2,380	2,380	2029
2020	5,229	5,229	5,229	2030

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	$ 57,231	$ 49,897	$ 49,897	2021
2012	55,080	55,080	55,080	2022
2013	78,864	78,864	78,864	2023
2014	70,096	70,096	70,096	2024
2015	215,855	215,855	215,855	2025
2016	420,100	420,100	420,100	2026
2017	253,271	253,271	253,271	2027
2018	2,507	2,507	2,507	2028
2019	2,380	2,380	2,380	2029

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 134,664	$ 155,324

F. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 438,766	149,206	$ 2.94
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	173	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 438,766	149,379	$ 2.94

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 312,390	149,206	$ 2.09
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	379	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 312,390	149,585	$ 2.09

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2020	Year ended December 31, 2019
Purchase of property, plant and equipment	$ 17,981	$ 60,605
Add: Opening balance of payable on equipment	1,100	614
Less: Ending balance of payable on equipment	(504)	(1,100)
Cash paid during the year	$ 18,577	$ 60,119

B. Financing activities with no cash flow effects

	Year ended December 31, 2020	Year ended December 31, 2019
Retirement of treasury shares	$ -	$ 151,418

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Total
January 1, 2020	$ 947,960	$ 850,000	$ 1,818	$ 33,981	$ 1,833,759
Changes in cash flow from financing activities	(377,360)	(118,000)	247	(29,055)	(524,168)
Interest expense	-	-	-	908	908
Paid interest	-	-	-	(908)	(908)
Impact of changes in foreign exchange rate	-	-	-	947	947
Changes in other non-cash items	-	-	-	9,029	9,029
December 31, 2020	$ 570,600	$ 732,000	$ 2,065	$ 14,902	$ 1,319,567

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total
January 1, 2019	$ 879,449	$ 620,000	$ 550	$ 56,367	$ 1,556,366
Changes in cash flow from financing activities	68,511	230,000	1,268	(27,952)	271,827
Interest expense	-	-	-	1,960	1,960
Paid interest	-	-	-	(1,960)	(1,960)
Impact of changes in foreign exchange rate	-	-	-	(2,359)	(2,359)
Changes in other non-cash items	-	-	-	7,925	7,925
December 31, 2019	$ 947,960	$ 850,000	$ 1,818	$ 33,981	$ 1,833,759

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Alpha-Cure Asia Co.,Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate

(2) Significant related party transactions

A. Purchases:

	Year ended December 31, 2020	Year ended December 31, 2019
Purchases of goods:		
Associates	$ 18,421	$ 18,878

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

B. Payables to related parties:

	December 31, 2020	December 31, 2019
Accounts payable:		
Associates	$ 11,447	$ 8,825

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

C. Loans to /from related parties:

Loans to related parties:

Outstanding balance:

	December 31, 2020	December 31, 2019
Associates	$ -	$ 15,068

(3) Key management compensation

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and other short-term employee benefits	$ 29,424	$ 26,574
Post-employment benefits	325	397
	$ 29,749	$ 26,971

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2020	Book value December 31, 2019	Purpose
Bank deposit (shown as other current assets)	$ 946	$ 930	Performance bond and customs duty guarantee
Property, plant and equipment	373,227	318,048	Short-term borrowings and Long-term borrowings
	$ 374,173	$ 318,978	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Contingencies

Except for the descriptions in other notes to the consolidated financial statements, the Group's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales for the years ended December 31, 2020 and 2019 were $25,578 and $14,586, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to table 6.(19).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2020, the Group's strategy was to maintain the gearing ratio within reasonable risk level. The gearing ratios at December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Total borrowings	$ 1,302,600	$ 1,797,960
Less: Cash and cash equivalents	(1,621,979)	(1,105,522)
Net debt	(319,379)	692,438
Total equity	2,682,492	2,650,320
Total capital	$ 2,363,113	$ 3,342,758
Gearing ratio	-	20.71%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 126,366	$ 93,173
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 116,193	$ 912,719
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,621,979	$ 1,105,522
Notes receivable	35,213	41,630
Accounts receivable(including related party)	1,944,329	2,463,018
Other receivables(including related party)	11,505	28,585
Guarantee deposits paid	4,431	9,457
Other financial assets	946	930
	$ 3,618,403	$ 3,649,142

	December 31, 2020		December 31, 2019	
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$	166	$	6,876
Financial liabilities at amortised cost				
Short-term borrowings	$	570,600	$	947,960
Notes payable		67,232		60,294
Accounts payable(including related party)		1,086,205		762,128
Other accounts payable(including related party)		615,136		566,568
Long-term borrowings (including current portion)		732,000		850,000
Guarantee deposits received		2,065		1,818
	$	3,073,238	$	3,188,768
Lease liability (Including current portion)	$	14,902	$	33,981

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 35,037	28.43	$ 996,102	
JPY:NTD	64,628	0.274	17,708	
RMB:NTD	38,177	4.352	166,146	
USD:RMB	3,058	6.525	19,953	
Non-monetary items				
USD:NTD	$ -	-	$ -	
Financial liabilities				
Monetary items				
USD:NTD	$ 21,187	28.53	$ 604,465	
JPY:NTD	7,937	0.278	2,206	
Non-monetary items: None				

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 54,390	29.930	$ 1,627,893
JPY:NTD	177,863	0.274	48,734
RMB:NTD	9,330	4.280	39,932
USD:RMB	1,832	6.976	12,780
Non-monetary items			
USD:NTD	$ 2,131	29.930	$ 63,768
Financial liabilities			
Monetary items			
USD:NTD	$ 24,093	30.030	$ 723,513
RMB:NTD	28,622	0.278	7,957
Non-monetary items: None			

ii. Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019 amounted to ($ 41,810) and ($15,170), respectively.

viii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 9,961	$ -
JPY:NTD	1%	177	-
RMB:NTD	1%	1,661	-
USD:RMB	1%	200	-
Non-monetary items			
USD:NTD	1%	-	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 6,045)	$ -
JPY:NTD	1%	(22)	-

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 16,279	$ -
JPY:NTD	1%	487	-
RMB:NTD	1%	399	-
USD:RMB	1%	128	-
Non-monetary items			
USD:NTD	1%	-	638
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 7,235)	$ -
JPY:NTD	1%	(80)	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $1,264 and $932, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,162 and $9,127, respectively.

Cash flow and fair value Interest rate risk

i. The Group's main interest rate risk arises from short-term and certain long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2020 and 2019, the Group's borrowings at variable rate were denominated in New Taiwan dollars, if the market interest rate had increased by 0.25%, the Company's cash outflow would have increased by $1,080 and $2,125, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of December 31, 2020 and 2019, respectively, the provision matrix is as follows:

	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
At December 31,2020					
Expected loss rate	5% or less	20%~90%	70%~90%	90%~100%	
Total book value	$ 2,065,346	$ 62,647	$ 2,208	$ 40,011	$ 2,170,212
Loss allowance	($ 132,597)	($ 53,507)	($ 1,235)	($ 38,544)	($ 225,883)
At December 31,2019					
Expected loss rate	5% or less	50%~100%	70%~100%	90%~100%	
Total book value	$ 2,514,522	$ 4,993	$ 18,596	$ 52,486	$ 2,590,597
Loss allowance	($ 55,441)	($ 4,993)	($ 14,659)	($ 52,486)	($ 127,579)

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2020		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	$ 127,579	$ 111	$ 142,195
Provision for impairment	166,247	(88)	(73,856)
Write-offs	(68,583)	-	-
Effect of foreign exchange	(594)	-	982
At December 31	$ 224,649	$ 23	$ 69,321

	2019		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	106,903	503	155,986
Provision for impairment	27,357	(252)	(11,522)
Write-offs	(6,140)	(140)	-
Effect of foreign exchange	(541)	-	(2,269)
At December 31	$ 127,579	$ 111	$ 142,195

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2020 and 2019, the Group held money market position of $1,619,174 and $1,103,174, respectively, and other liquid assets of $946 and $930, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2020	December 31, 2019
Fixed rate:		
Expiring within one year	$ 1,531,119	$ 1,340,357
Expiring beyond one year	413,001	150,000
	$ 1,944,120	$ 1,490,357

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 570,600	$ -	$ -	$ -
Notes payable	67,232	-	-	-
Accounts payable (including related party)	1,086,205	-	-	-
Other payables (including related party)	615,136	-	-	-
Lease liability (including current portion)	10,025	3,225	-	-
Long-term borrowings (including current portion)	300,859	-	443,525	-
Guarantee deposits received	218	1,309	525	13
	$2,650,275	$ 4,534	$ 444,050	$ 13

December 31, 2019	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 947,960	$ -	$ -	$ -
Notes payable	60,294	-	-	-
Accounts payable (including related party)	762,128	-	-	-
Other payables (including related party)	566,568	-	-	-
Lease liability (including current portion)	27,450	7,829	-	-
Long-term borrowings (including current portion)	304,427	557,258	-	-
Guarantee deposits received	1,289	516	-	13
	$2,670,116	$ 565,603	$ -	$ 13

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 125,661	$ -	$ -	$ 125,661
Derivative instruments	-	705	-	705
Financial assets at fair value through other comprehensive income				
Equity securities	1,555	-	114,638	116,193
	$ 127,216	$ 705	$ 114,638	$ 242,559
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	($ 166)	$ -	($ 166)

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 93,173	$ -	$ -	$ 93,173
Financial assets at fair value through other comprehensive income				
Equity securities	783,460	-	129,259	912,719
	$ 876,633	$ -	$ 129,259	$ 1,005,892
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	($ 6,876)	$ -	($ 6,876)

(b)The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

C. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

D. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020	2019
At January 1	$ 129,259	$ 106,847
Gain or loss recognized in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	1,699	27,841
Purchases in the period	1,594	3,242
Sold in the period	(200)	(6,871)
Capital reduction rate changes	(15,714)	(1,800)
At December 31	$ 116,638	$ 129,259

E. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

F. Accounting Department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 95,771	Market comparable companies	Price to book ratio multiple	1.99~17.3	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	18,867	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 90,104	Market comparable companies	Price to book ratio multiple	2.07~31.06	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	39,155	Net asset value	Not applicable	Not applicable	Not applicable

H.The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio multiple	± 10%	$ -	$ -	$ 11,464	($ 11,464)

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio multiple	± 10%	$ -	$ -	$ 12,926	($ 12,926)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(12) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in

Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

(2) Measurement of segment information

Management assess the segment performance based on the income (loss) before tax in the consolidated financial statements. The accounting policies of segment are the same with the summary of significant accounting policy in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2020	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Suzhou Top Creation Machines Co., Ltd.	Other	Elimination	Amount
Revenue from external customers	$ 2,312,935	$ 6,167,676	$ 945,162	$ 210,942	($ 5,550,909)	$ 4,085,806
Inter-segment revenue	$ 184,134	$ 220,356	$ 101,509	$ 20,541	($ 526,540)	$ -
Segment income	$ 516,781	$ 85,630	$ 215,449	($ 213,612)	$ 1,603	$ 605,851
Total segment assets	$ 5,585,392	$ 1,449,165	$ 1,455,579	$ 541,427	($ 2,280,762)	$ 6,750,801

Year ended December 31, 2019	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Suzhou Top Creation Machines Co., Ltd.	Other	Elimination	Amount
	$ 2,780,152	$ 616,468	$ 958,928	$ 82,740	$ -	$ 4,438,288
Inter-segment revenue	$ 164,944	$ 254,169	$ 19,787	$ 19,347	($ 458,247)	$ -
Segment income	$ 372,550	$ 34,114	$ 147,207	$ 16,316	($ 152,053)	$ 418,134
Total segment assets	$ 5,722,584	$ 1,460,145	$ 946,664	$ 489,606	($ 2,208,388)	$ 6,410,611

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2020 and 2019 is provided as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Reportable segments income	$ 604,249	$ 570,187
Other	1,602	(152,053)
Income before tax from continuing operations	$ 605,851	$ 418,134

(5) Information on products and services

Revenue from external customers is mainly from manufacturing electronics and semiconductor equipment and selling automation system integration technology.

Details of revenue are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Sales revenue	$ 4,017,387	$ 4,366,924
Service revenue	68,419	71,364
	$ 4,085,806	$ 4,438,288

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 2,397,232	$ 491,623	$ 2,828,088	$ 504,537
China	1,688,574	340,349	1,610,200	468,110
	$ 4,085,806	$ 831,972	$ 4,438,288	$ 972,647

(7) Major customer information

Revenue from specific customers that represent over 10% of total revenues of the Group for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		
	Revenue	Percentage(%)	Segment
1013596	$ 498,207	12%	The whole Group
DZ0142	182,478	4%	The whole Group

	Year ended December 31, 2019		
	Revenue	Percentage(%)	Segment
1013698	$ 757,823	17%	The whole Group
1013596	22,812	1%	The whole Group

C SUN MFG. LTD. and subsidiaries
Loans to other
For the year ended December 31, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Note
0	Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	Other receivables	Yes	$ 2,000	$ 1,000	$ 1,000	1.25%	short-term financing	$ -	Operational need	$ -	-	$ -	$ 619	$ 1,238	Note 1, Note 3
1	Csun Technology (Guangzhou) Co., Ltd.	Alpha-Cure Asia Co.,Ltd.	Other receivables	Yes	15,320	-	-	6%	"	-	"	-	Check	15,320	109,806	219,612	Note 2

Note 1: As prescribed in the subsidiary, Top Creation Machines Co., Ltd.'s "Procedures for Provision of Loans":

i.Ceiling on total loans granted: The total amount shall not exceed 40% of the net assets value of the Company and the limit amount for a single party shall not exceed 20% of the net equity.

ii. For business relationship, the limit amount for a single party shall not exceed 40% of the net assets value of the Company.

iii.For short-term financing, limit on loans granted for a single party shall not exceed 40% of the net assets value of the Company.

Note 2: As prescribed in the subsidiary, Csun Technology (Guangzhou) Co., Ltd.'s "Procedures for Provision of Loans":

i. Ceiling on total loans granted: The total amount shall not exceed 20% of the net assets value of the Company and the limit amount for a single party shall not exceed 10% of the net equity.

ii. For business relationship, the limit amount for a single party shall not exceed 20% of the net assets value of the Company.

iii.For short-term financing, limit on loans granted for a single party shall not exceed 20% of the net assets value of the Company.

Note 3:For the amount of endorsements and guarantees exceeded the limit specified in the Company's "Procedures for Provision of Loans", management of the Company has prepared an improvement plan and is taking steps based on the improvement plan.

C SUN MFG. LTD. and subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Note 2	$ 501,933	$ 85,440	$ 85,440	$ -	$ -	3.40	$ 1,254,833	Y	N	Y	
0	C SUN MFG. LTD.	Suzhou Top Creation Machines Co., Ltd.	"	501,933	85,440	85,440	-	-	3.40	1,254,833	"	"	"	

Note 1: Ceiling on total amount of endorsements/guarantees is 50% of the Company’s net asset value; limit on endorsement/guarantee to a single party is 20% of the Company’s net assets value.
Note 2: The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

C SUN MFG. LTD. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020 Number of shares	Book value	Ownership (%)	Fair value
C SUN MFG. LTD.	Mufg Fund Services (Singapore) Pte. Ltd.	None	Financial assets at fair value through profit or loss - current	17	$ 55,878	-	$ 55,878
"	Group Up Industrial Co., Ltd.	"	Financial assets measured at fair value through other comprehensive income - current	24	1,555	0.04	1,555
"	Advance Materials Corporation	"	Financial assets measured at fair value through other comprehensive income - non-current	1,424	7,204	1.21	7,204
"	Viewmove Technologies, Inc.	Director	"	481	15,208	14.70	15,208
"	Emax Tech Co., Ltd.	"	"	3,653	51,391	14.02	51,391
"	Hua Da Venture Capital Corporation	"	"	492	3,823	6.00	3,823
"	Luminescence Technology Corp.	None	"	454	6,901	1.80	6,901
"	Yankey Engineering Co., Ltd.	"	"	10	1,730	0.02	1,730
"	Aibdt Technology Inc.	"	"	325	647	1.79	647
"	Gvt Fund Gp, L.P.	"	"	770	15,114	1.51	15,114
C Sun (B.V.I) Ltd.	Gvt Fund Gp, L.P.	"	"	288	5,661	0.66	5,661
"	Mufg Fund Services (Singapore) Pte. Ltd.	"	Financial assets at fair value through profit or loss - current	8	27,050	-	27,050
K Sun (Samoa) Ltd.	Unimax C.P.I. Technology Corp.	"	Financial assets measured at fair value through other comprehensive income - non-current	1,730	8,867	17.86	8,867

C SUN MFG. LTD. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Sales	$ 148,325	3.63%	Similary to third parties	Similary to third parties	Similary to third parties	$ 24,332	1.25%
"	"	"	Purchases	218,406	7.46%	Similary to third parties	Similary to third parties	Similary to third parties	71,136	6.55%

Note 1: If the transaction term are different compared to third party, please describe the difference terms on column of credit term and unit price.

Note 2: If the transaction have prepayment or received in advance, please describe the reason, term, amount and differences compared to third party on column of footnote.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

C SUN MFG. LTD. and subsidiaries

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms (Note 3)	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	1	Sales	$ 148,325	-	3.63
	"	"	1	Service expenses	22,370	-	0.55
	"	"	1	Purchases	218,406	-	5.35
	"	"	1	Accounts payable	71,136	-	1.05
	"	"	1	Accounts receivable	24,332	-	0.36
	"	Wat Sun. Intelligent Technology Co., Ltd.	1	Accounts receivable	15,228	-	0.23
	"	"	1	Sales	35,809	-	0.88
1	Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	3	Other accounts payable	15,157	-	0.22
2	Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	3	Sales	101,509	-	2.48
	"	"	3	Accounts receivable	45,472	-	0.67
	"	"	3	Advance payment	73,894	-	1.09

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.

(1) Number 0 represents the Company

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows (If transaction of parent company with subsidiaries or transaction in subsidiaries will not expose repeat, for example; If parent company exposed transaction with parent company with subsidiaries, then subsidiaries will not expose that transaction; If one of subsidiary company exposed transaction with other subsidiary company, it will not exposed repeat transaction from other subsidiary company.)

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note 3: The sales of the parent company with Csun Technology (Guangzhou) Co., Ltd. is strategy division for Corporation, the price set of the transaction is base on the agreement, other transaction with non-parties are same with third parties, Transaction terms for the other transaction can't reference to similary transaction, all is following the agreement agree.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: The information only disclosing for the amount of transactions are more than $10,000 and counter parties shall not disclose .

C SUN MFG. LTD. and subsidiaries

Information on investees

For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2020					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income(loss) recognised by the Company for the year ended December 31, 2020	Footnote
C SUN MFG. LTD.	C Sun (B.V.I) Ltd.	British Vitgin Islands	Investment	$ 330,197	$ 347,588	-	100.00	$ 1,791,478	$ 207,596	$ 206,345	Note
"	K Sun (Samoa) Ltd.	Samoa	Incestment	65,846	69,314	-	100.00	16,627	(23)	(23)	
"	Wat Sun. Intelligent Technology Co., Ltd.	Taiwan	Machinery and equipment manufacturing	700,000	700,000	70,000	100.00	45,230	15,149	15,149	
"	Abcon Technology Inc.	Taiwan	Machinery and equipment wholesale and manufacturing	20,000	20,000	2,000	66.67	6,206	1,609	1,073	
"	Gallant Precision Machining Co., Ltd.	Taiwan	Machinery and equipment wholesale and manufacturing	723,954	690,469	39,538	23.94	734,188	162,977	38,656	
"	Gallant Micro. Machining Co., Ltd.	Taiwan	Machinery and equipment wholesale and manufacturing	83,264	77,101	1,812	6.41	86,153	68,371	(171)	
C Sun (B.V.I) Ltd.	Alpha Joint Ltd.	Samoa	Investment	16,518	17,388	580	100.00	77,200	(7,110)	(7,110)	
"	Power Ever Enterprises Limited	Samoa	Investment	168,317	177,182	-	77.47	607,408	159,559	123,617	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Hong Kong	Investment	170,880	179,880	6,000	100.00	764,572	174,415	174,415	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Taiwan	Machinery installation and wholesales, Equipment retail and electronic materials wholesale	7,500	7,500	750	100.00	3,086	(1,858)	(1,858)	

Note 1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Note 2: The shares of Gallant Precision Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company cumulatively increased its shareholdings in Gallant Precision Machining Co., Ltd. on March 30, 2020, and the Company obtained the significant influence over it.

Note 3: The shares of Gallant Micro. Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company’s comprehensive shareholding ratio was 20.1% on October 31, 2020.

C SUN MFG. LTD. and subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan toMainland China as of December 31, 2020	Net profit (loss) of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note2(2))	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
Csun Technology (Guangzhou) Co., Ltd.	Manufacturing, installing, sales and processing all manner of drying equipment, tempature experiment equipment and exposure equipment.	$ 547,101	2	$ 142,764	$ -	$ -	$ 135,621	$ 75,899	100.00	$ 75,899	$ 1,099,924	$ 455,052	Note 2 (2) (B)
Alpha-Cure Asia Co.,Ltd.	Manufacturing and processing UV curing lamp.	60,349	2	17,388	-	-	16,518	28,581	25.00	7,145	71,448	-	Note 2 (2) (B)
Suzhou Amc Technology Co., Ltd.	Preparation, research and design, manufacturing and processing for copper claded laminates, semiconductor, special for components use materials and tc tape carrier package.	512,640	2	7,228	-	-	6,867	-	0.89	-	-	-	
Northern Juye (Beijing) Information Technology Co., Ltd.	Operating information and internet technical and hardware sales.	142,400	2	5,178	-	-	4,918	-	2.82	-	-	-	
Suzhou Top Creation Machines Co., Ltd.	Design and manufacturing printed circuit board, flat panel display, semiconductor, solar industry equipment and related parts sales.	156,640	2	176,492	-	-	167,662	174,452	77.47	135,148	764,517	45,476	Note 2 (2) (B)、Note 4
Guangzhou Y SUN Machinery Tech. Co., Ltd.	Mainly laser cutting machinery parts, various metal precision sheet metal, laser, punching;zigzag processing machinery;frame development for Stainless steel equipment for dust-free room; design, manufacturing and installation of generator, air compressor, sound-proof shield, engine room soundproof.	59,090	3	-	-	-	-	215	100.00	215	4,052	-	Note 2 (2) (B)
Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	Research and development, manufacturing high-tech materials, intellectual toys, toy balloon; computer software's develop application; manufacturing mould and precision machinery.	231,981	3	-	-	-	-	933	100.00	933	244,214	-	Note 2 (2) (B)

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1)Directly invest in a company in Mainland China.
(2)Through investing in an existing company in the third area,which then investeed in the investee in Mainland China.
(3)Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:
(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B.The financial statements that are audited and attested by R.O.C. parent company's CPA.
C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4:As of December 31, 2020, C Sun (B.V.I.) Ltd. held 77.47% of the equity interest of Power Ever Enterprises Limited and indirectly obtains the equity interest of Power Ever Enterprises Limited, and indirectly obtained the equity interest of Suzhou Top Creation Machines Co., Ltd. through investing in an existing company in the third area, which then invested in Suzhou Top Creation Machines Co., Ltd. in Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
C SUN MFG. LTD.	$331,587	$720,825	$1,505,799

C SUN MFG. LTD. and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale		Purchase		Accounts receivable		Accounts payable		Financing				
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	Others
Csun Technology (Guangzhou) Co., Ltd.	$ 148,325	3.63	$ 218,406	7.46	$ 24,332	1.25	$ 71,136	6.55	-	-	-	-	-

C SUN MFG. LTD. and subsidiaries

Information of major shareholders

December 31, 2020

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

	Shares	
Name of major shareholders	Number of shares held	Holding percentage
Hai-Xing Investment Co.,Ltd	13,337	8.93%
Pin-Zhi Investment Co.,Ltd	11,030	7.39%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act,
the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

C SUN MFG. LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2020 AND 2019

(Stock Code：2467)

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

PWCR 20000545

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Opinion

We have audited the accompanying parent company only balance sheets of C SUN MFG. LTD. 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 C SUN MFG. LTD. 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.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of C SUN MFG. LTD. 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 judgment, were of most significance in our audit of C SUN MFG. LTD.'s 2020 the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for C SUN MFG. LTD.'s 2020 the parent company only financial statements of the current period are stated as follows:

Revenue recognition

<u>Description</u>

Refer to Notes 4(27) and 6(20) of the parent company only financial statements for accounting policies on revenue recognition and the description of significant accounts – operating revenue, respecting.

C SUN MFG. LTD. is primarily engaged in the manufacture and sale of related manufacturing equipment of printed circuit board and flat panel display. Main revenue recognition is based on customer's confirmation for acceptance. Since the timing of the transfer of risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the parent company only financial statements. Thus, revenue recognition has been identified as a key audit matter.

<u>How our audit addressed the matter</u>

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions including checking customer purchase orders and evidences of sales transactions.
4. Performed cut-off test on sales transactions for a specific period of time prior to and after the

balance sheet
date.

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 C C SUN MFG. LTD.'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 C SUN MFG. LTD. 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 C SUN MFG. LTD. financial reporting process.

Auditors' 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 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 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 C SUN MFG. LTD.'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 C SUN MFG. LTD.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, 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 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 C SUN MFG. LTD. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

Li, Tien-Yi	Tsang, Kwok-Wah

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 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.

C SUN MFG. LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 513,963	9	$ 240,271	4
1110	Financial assets at fair value through profit or loss - current	6(2)	55,878	1	24,414	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,555	-	15,891	-
1150	Notes receivable, net	6(4)	3,750	-	18,927	-
1170	Accounts receivable, net	6(4)	992,286	18	1,650,856	29
1180	Accounts receivable - related parties	7	39,563	1	49,261	1
1210	Other receivables - related parties	7	7,725	-	3,220	-
130X	Inventories	6(5)	549,992	10	352,666	6
1410	Prepayments		38,600	-	10,955	-
1470	Other current assets	8	7,493	-	5,992	-
11XX	**Current Assets**		2,210,805	39	2,372,453	41
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	102,018	2	876,827	15
1550	Investments accounted for under equity method	6(6)	2,679,882	48	1,821,682	32
1600	Property, plant and equipment	6(7) and 8	467,424	9	486,108	9
1755	Right-of-use assets	6(8)	6,054	-	3,078	-
1780	Intangible assets	6(9)	6,024	-	7,109	-
1840	Deferred income tax assets	6(27)	119,396	2	147,435	3
1900	Other non-current assets		11,862	-	7,892	-
15XX	**Non-current assets**		3,392,660	61	3,350,131	59
1XXX	**Total assets**		$ 5,603,465	100	$ 5,722,584	100

(Continued)

C SUN MFG. LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 570,600	10	$ 947,960	17
2120	Financial liabilities at fair value through profit or loss - current	6(11)	166	-	6,876	-
2130	Current contract liabilities	6(20)	289,944	5	46,124	1
2150	Notes payable		67,224	1	60,260	1
2170	Accounts payable	6(12)	587,262	11	424,131	7
2180	Accounts payable - related parties	7	81,905	1	80,470	1
2200	Other payables	6(13)	355,481	6	386,969	7
2230	Current income tax liabilities		37,551	1	36,388	1
2280	Current lease liabilities		3,231	-	2,349	-
2300	Other current liabilities	6(14)(15)	314,768	6	316,734	5
21XX	**Current Liabilities**		2,308,132	41	2,308,261	40
	Non-current liabilities					
2540	Long-term borrowings	6(14)	432,000	8	550,000	10
2570	Deferred income tax liabilities	6(27)	330,960	6	326,841	6
2580	Non-current lease liabilities		2,868	-	750	-
2600	Other non-current liabilities	6(15)	19,840	-	24,172	-
25XX	**Non-current liabilities**		785,668	14	901,763	16
2XXX	**Total Liabilities**		3,093,800	55	3,210,024	56
	Equity					
	Share capital	6(16)				
3110	Share capital - common stock		1,492,055	27	1,492,055	26
	Capital surplus	6(17)				
3200	Capital surplus		232,800	4	232,800	4
	Retained earnings	6(18)				
3310	Legal reserve		227,431	4	200,300	3
3320	Special reserve		51,901	1	51,901	1
3350	Unappropriated retained earnings		611,356	11	545,951	10
	Other equity interest	6(19)				
3400	Other equity interest		(105,878)	(2)	(10,447)	-
3XXX	**Total equity**		2,509,665	45	2,512,560	44
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 5,603,465	100	$ 5,722,584	100

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

C SUN MFG. LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
4000	Sales revenue	6(20) and 7	$ 2,497,069	100	$ 2,945,096	100
5000	Operating costs	6(5)	(1,601,472)	(64)	(2,231,912)	(76)
5900	Net operating margin		895,597	36	713,184	24
5910	Unrealized profit from sales		(14,905)	(1)	(15,398)	-
5920	Realized profit from sales		14,489	1	12,599	-
5950	Net operating margin		895,181	36	710,385	24
	Operating expenses	6(25)(26)				
6100	Selling expenses		(264,895)	(11)	(259,793)	(9)
6200	General and administrative expenses		(110,780)	(4)	(107,754)	(4)
6300	Research and development expenses		(182,814)	(7)	(166,048)	(5)
6450	Expected credit losses		(88,905)	(4)	(23,714)	(1)
6000	Total operating expenses		(647,394)	(26)	(557,309)	(19)
6900	Operating profit		247,787	10	153,076	5
	Non-operating income and expenses					
7100	Interest income	6(21)	906	-	2,897	-
7010	Other income	6(22)	46,922	2	120,183	4
7020	Other gains and losses	6(23)	(23,156)	(1)	(19,147)	-
7050	Finance costs	6(24)	(16,709)	(1)	(35,222)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net		261,030	11	150,763	5
7000	Total non-operating income and expenses		268,993	11	219,474	8
7900	**Profit before income tax**		516,780	21	372,550	13
7950	Income tax expense	6(27)	(78,014)	(3)	(60,160)	(2)
8200	**Profit for the year**		$ 438,766	18	$ 312,390	11

(Continued)

C SUN MFG. LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		($ 4,444)	-	($ 1,242)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(19)	(99,201)	(4)	37,293	1
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		9,715	-	-	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(93,930)	(4)	36,051	1
	Components of other comprehensive income that will be reclassified to profit or loss	6(19)				
8380	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		29,627	1	(72,940)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(4,345)	-	14,588	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		25,282	1	(58,352)	(2)
8300	**Other comprehensive loss for the year**		($ 68,648)	(3)	($ 22,301)	(1)
8500	**Total comprehensive income for the year**		$ 370,118	15	$ 290,089	10
	Basic earnings per share	6(28)				
9750	Total basic earnings per share		$ 2.94		$ 2.09	
	Diluted earnings per share	6(28)				
9850	Total diluted earnings per share		$ 2.94		$ 2.09	

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

C SUN MFG. LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other	Treasury shares	Total equity
2019											
Balance at January 1, 2019		$1,587,445	$ 246,818	$ 144,662	$ 51,901	$ 703,284	($ 102,461)	$ 114,723	$ 530	($ 151,418)	$2,595,484
Profit for the year		-	-	-	-	312,390	-	-	-	-	312,390
Other comprehensive (loss) income	6(19)	-	-	-	-	(1,242)	(58,352)	37,293	-	-	(22,301)
Total comprehensive (loss) income		-	-	-	-	311,148	(58,352)	37,293	-	-	290,089
Distribution of 2018 earnings:											
Legal reserve	6(18)	-	-	55,638	-	(55,638)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(373,013)	-	-	-	-	(373,013)
Disposal of equity instruments at fair value through other comprehensive income	6(19)	-	-	-	-	2,180	-	(2,180)	-	-	-
Cancellation of treasury shares		(95,390)	(14,018)	-	-	(42,010)	-	-	-	151,418	-
Balance at December 31, 2019		$1,492,055	$ 232,800	$ 200,300	$ 51,901	$ 545,951	($ 160,813)	$ 149,836	$ 530	$ -	$2,512,560
2020											
Balance at January 1, 2020		$1,492,055	$ 232,800	$ 200,300	$ 51,901	$ 545,951	($ 160,813)	$ 149,836	$ 530	$ -	$2,512,560
Profit for the year		-	-	-	-	438,766	-	-	-	-	438,766
Other comprehensive (loss) income	6(19)	-	-	-	-	(4,444)	25,282	(89,486)	-	-	(68,648)
Total comprehensive (loss) income		-	-	-	-	434,322	25,282	(89,486)	-	-	370,118
Distribution of 2019 earnings:											
Legal reserve	6(18)	-	-	27,131	-	(27,131)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(373,013)	-	-	-	-	(373,013)
Disposal of equity instruments at fair value through other comprehensive income	6(19)	-	-	-	-	31,227	-	(31,227)	-	-	-
Balance at December 31, 2020		$1,492,055	$ 232,800	$ 227,431	$ 51,901	$ 611,356	($ 135,531)	$ 29,123	$ 530	$ -	$2,509,665

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

C SUN MFG. LTD.
PARENT COMPANY ONLY 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		$ 516,780	$ 372,550
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	32,645	28,904
Amortization	6(25)	5,546	6,948
Expected credit impairment loss	12(2)	88,905	23,714
Net gain on financial assets or liabilities at fair value through profit or loss	6(23)	(8,185)	5,309
Gain on disposal of financial assets		(10,351)	(2,729)
Interest expense	6(24)	16,709	35,222
Interest income	6(21)	(906)	(2,897)
Dividend income	6(22)	(12,507)	(53,293)
Profit on investments accounted for under the equity method		(261,030)	(150,763)
Property, plant, and equipment transferred to expenses		100	-
Unrealized profits from sales		14,905	15,398
Realized profits from sales		(14,489)	(12,599)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(19,638)	24,250
Notes receivable		15,265	19,554
Accounts receivable		569,577	37,255
Accounts receivable-related parties		9,698	(21,833)
Inventories		(197,326)	217,899
Prepayments		(28,350)	10,644
Increase in other current assets		(1,434)	(1,416)
Changes in operating liabilities			
Notes payable		6,964	(97,031)
Accounts payable		163,131	(151,998)
Accounts payable - related parties		1,435	(60,080)
Other payables		(30,697)	(23,725)
Current contract liabilities		243,820	(3,512)
Other current liabilities		(1,966)	15,270
Accrued pension liabilities		(8,776)	(8,566)
Cash inflow generated from operations		1,089,825	222,475
Income tax paid		(49,038)	(86,619)
Dividend received		12,507	53,293
Interest paid		(17,824)	(34,776)
Net cash flows from operating activities		1,035,470	154,373

(Continued)

C SUN MFG. LTD.
PARENT COMPANY ONLY 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 INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 23,015)	($ 65,195)
Proceeds from disposal of financial assets at fair value through other comprehensive income		19,774	11,516
Decrease in other finacial assets-non current		-	5,400
Proceeds from capital reduction of investments of financial assets at fair value through other comprehensive income		15,714	1,800
Increase in investment accounted for under the equity method		(139,087)	-
Acquisition of property, plant, and equipment	6(29)	(10,749)	(46,430)
Decrease in other finacial assets		-	4,901
Refundable deposits refunded (paid)		2,302	(40)
Acquisition of intangible assets		(1,917)	(4,762)
Dividend received from investment accounted for under the equity method		258,315	21,817
(Increase) decrease in other receivables-related parties		(4,505)	19,007
Increase in other non-current assets		(7,322)	-
Interest received		906	2,897
Net cash flows from (used in) investing activities		110,416	(49,089)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(30)	-	68,511
Repayment of short-term borrowings	6(30)	(377,360)	-
Increase in long-term borrowings	6(30)	842,000	1,990,000
Repayment of long-term borrowings	6(30)	(960,000)	(1,760,000)
Payment of cash dividends		(373,013)	(373,013)
Repayment of principal portion of lease liabilities	6(30)	(3,821)	(4,157)
Net cash flows used in financing activities		(872,194)	(78,659)
Net increase in cash and cash equivalents		273,692	26,625
Cash and cash equivalents at beginning of year	6(1)	240,271	213,646
Cash and cash equivalents at end of year	6(1)	$ 513,963	$ 240,271

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

C SUN MFG. LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

   C SUN MFG. LTD., Ltd. (the "Company") was incorporated on April, 1978. The Company is engaged in electron, semiconductors, liquid crystal displays(LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the previous products.

   On September, 2001, the Company's shares were listed on the Taiwan Stock Exchange (TWSE).

   The financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

   These consolidated financial statements were authorized for issuance by the Board of Directors on March 4, 2021.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7 ,'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note：Earlier application from January 1, 2020 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

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

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

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

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

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

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

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

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

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

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

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

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

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

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

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

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

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

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

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

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

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

(12) Inventories

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

(13) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

C. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acqusition movements in other comprehensive income is recognized in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.

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

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

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

G. When changes in an associate’s equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Company’s ownership percentage of the associate, the Company recognizes the Company’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

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

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

J. According to “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

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

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

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

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

Buildings and structures	2 ~ 56 years
Machinery and equipment	3 ~ 9 years
Transportation equipment	4 ~ 11 years
Utility equipment	4 ~ 8 years
Other equipment	2 ~ 11 years

(15) <u>Leasing arrangements (lessee)－right-of-use assets/ lease liabilities</u>

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

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

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

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

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

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

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

(16) Intangible assets

Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(17) Impairment of non-financial assets

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

(18) Borrowings

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

(19) Notes and accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

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

(22) Provisions

Provisions (including warranties and onerous contracts.) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

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

C. Termination benefits

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

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

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

(24) Income tax

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

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

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

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

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

(25) Share capital

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

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

(26) Dividends

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

(27) Revenue recognition

A. Sales revenue

Sales revenue from manufacturing electronics and semiconductor equipment and selling automation system integration technology. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

When the Company provides maintenance services, the customer obtains and consumes the performance benefits at the same time, and the relevant revenue is recognised when the service is provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognized.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 2,097	$ 1,760
Checking accounts and demand deposits	378,114	238,511
Time deposits	133,752	-
	$ 513,963	$ 240,271

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

B. Information about cash and cash equivalents that were pledged to others as collateral and classified as other current assets is provided in Note 8.

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

	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 55,583	$ 24,193
Derivatives	705	-
	56,288	24,193
Valuation adjustment	(410)	221
	$ 55,878	$ 24,414

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

	Year ended December 31, 2020	Year ended December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 220	($ 5,309)

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative financial instruments	December 31, 2020 Contract amount (notional principal)		Contract period
Current items:			
Forward foreign exchange contracts	CNY	10,000	2020/12-2021/2
Forward foreign exchange contracts	USD	1,000	2020/12-2021/3

December 31, 2019: None.

Foreign exchange swap contracts

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2020	December 31, 2019
Current items:		
Equity instruments		
Listed stocks	$ 1,272	$ 19,153
Valuation adjustment	283	(3,262)
Total	$ 1,555	$ 15,891
Non-current items:		
Equity instruments		
Listed stocks	$ -	$ 626,592
Emerging stocks	27,228	25,757
Unlisted stocks	55,487	71,200
	82,715	723,549
Valuation adjustment	19,303	153,278
Total	$ 102,018	$ 876,827

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $103,573 and $892,718 as at December 31, 2020 and 2019, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2020	Year ended December 31, 2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 99,201)	$ 36,075
Cumulative losses reclassified to retained earnings due to derecognition	($ 31,227)	($ 2,180)

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $103,573 and $892,718, respectively.

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 3,773	$ 19,038
Less: Allowance for uncollectible accounts	(23)	(111)
	$ 3,750	$ 18,927
Accounts receivable	$ 1,182,426	$ 1,735,942
Accounts receivable - related parties	39,563	49,261
Less: Allowance for uncollectible accounts	(190,140)	(85,086)
	$ 1,031,849	$ 1,700,117
Overdue receivables(shown as other non-current assets)	$ 11,105	$ 87,004
Less: Allowance for uncollectible accounts	(11,105)	(87,004)
	$ -	$ -

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due to 60 days	$ 1,082,207	$ 3,773	$ 1,680,904	$ 19,038
61 to 120 days	61,522	-	1,310	-
121 to 180 days	1,298	-	11,820	-
Over 180 days	37,399	-	41,908	-
	$ 1,182,426	$ 3,773	$ 1,735,942	$ 19,038

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to $1,777,734.

C. The Company has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes was $3,750 and $18,927, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was $1,031,849 and $1,700,117, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 114,715	($ 83,258)	$ 31,457
Work in progress	375,654	(80,028)	295,626
Finished goods	277,010	(62,240)	214,770
Inventory in transit	8,139	-	8,139
	$ 775,518	($ 225,526)	$ 549,992

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 161,105	($ 108,738)	$ 52,367
Work in progress	430,627	(234,158)	196,469
Finished goods	174,379	(73,415)	100,964
Inventory in transit	2,866	-	2,866
	$ 768,977	($ 416,311)	$ 352,666

The cost of inventories recognized as expense for the year:

	Year ended December 31, 2020	Year ended December 31, 2019
Cost of goods sold	$ 1,730,682	$ 2,045,028
Gain on reversal of decline in market value	(190,785)	186,884
Loss on physical inventory	61,575	-
	$ 1,601,472	$ 2,231,912

The Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of sold inventory.

(6) Investments accounted for using equity method

		December 31, 2020		December 31, 2019
Subsidiaries:				
C Sun (B.V.I) Ltd.	$	1,791,478	$	1,770,369
K Sun (B.V.I) Ltd.		16,627		17,007
Wat Sun. Intelligent Technology Co., Ltd.		45,230		30,081
Abcon Technology Inc.		6,206		4,225
Associates:				
Gallant Precision Machining Co., Ltd.		734,188		-
Gallant Micro. Machining Co., Ltd.		86,153		-
	$	2,679,882	$	1,821,682

A. Subsidiaries

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2020 for the information regarding the Company’s subsidiaries.

B. Associates

(a) The Company’s material associates, Gallant Precision Machining Co., Ltd. and Gallant Micro. Machining Co., Ltd. have quoted market prices. As of December 31, 2020, the fair value was $1,654,658 and $106,908, respectively.

(b) The shares of Gallant Precision Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company cumulatively increased its shareholdings in Gallant Precision Machining Co., Ltd. on March 30, 2020, and the Company obtained the significant influence over it.

(c) The Company is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 23.94% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same and the remaining shares are widely held, which indicates that the Company has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Company has no control, but only has significant influence, over the investee.

(d) The shares of Gallant Micro. Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company’s comprehensive shareholding ratio was 20.1%, of which 6.41% of Gallant Micro. Machining Co., Ltd.’s shares was directly held by the Company and 13.69% was indirectly held through the associate.

(7) Property, plant and equipment

	2020							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	$ 174,128	$ 367,105	$ 19,797	$ 42,619	$ 6,969	$ 18,779	$ 24,147	$ 653,544
Accumulated depreciation and impairment	-	(104,985)	(14,823)	(29,114)	(6,424)	(12,090)	-	(167,436)
	$ 174,128	$ 262,120	$ 4,974	$ 13,505	$ 545	$ 6,689	$ 24,147	$ 486,108
Opening net book amount as at January 1	$ 174,128	$ 262,120	$ 4,974	$ 13,505	$ 545	$ 6,689	$ 24,147	$ 486,108
Additions	-	2,917	256	4,924	-	628	2,360	11,085
Reclassifications(Note)	-	12,386	-	9,855	-	-	(23,198)	(957)
Depreciation charge	-	(14,881)	(1,372)	(9,095)	(507)	(2,957)	-	(28,812)
Closing net book amount as at December 31	$ 174,128	$ 262,542	$ 3,858	$ 19,189	$ 38	$ 4,360	$ 3,309	$ 467,424
At December 31								
Cost	$ 174, 128	$ 382, 360	$ 20, 053	$ 56, 207	$ 6, 282	$ 18, 894	$ 3, 309	$ 661, 233
Accumulated depreciation and impairment	-	(119, 818)	(16, 195)	(37, 018)	(6, 244)	(14, 534)	-	(193, 809)
	$ 174, 128	$ 262, 542	$ 3, 858	$ 19, 189	$ 38	$ 4, 360	$ 3, 309	$ 467, 424

Note:It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to $12,386, office equipment amounting to $9,855, intangible assets amounting to $857, and office equipment transferred to expense amounting to $100.

	2019							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	$ 174,128	$ 358,079	$ 31,047	$ 39,132	$ 10,213	$ 16,788	$ -	$ 629,387
Accumulated depreciation and impairment	-	(92,339)	(24,696)	(28,029)	(8,511)	(10,962)	-	(164,537)
	$ 174,128	$ 265,740	$ 6,351	$ 11,103	$ 1,702	$ 5,826	$ -	$ 464,850
Opening net book amount as at January 1	$ 174,128	$ 265,740	$ 6,351	$ 11,103	$ 1,702	$ 5,826	$ -	$ 464,850
Additions	-	9,330	-	8,747	-	3,760	24,147	45,984
Depreciation charge	-	(12,950)	(1,377)	(6,345)	(1,157)	(2,897)	-	(24,726)
Closing net book amount	$ 174,128	$ 262,120	$ 4,974	$ 13,505	$ 545	$ 6,689	$ 24,147	$ 486,108
At December 31								
Cost	$174, 128	$ 367, 105	$ 19, 797	$ 42, 619	$ 6, 969	$ 18, 779	$ 24, 147	$ 653, 544
Accumulated depreciation and impairment	-	(104, 985)	(14, 823)	(29, 114)	(6, 424)	(12, 090)	-	(167, 436)
	$174, 128	$ 262, 120	$ 4, 974	$ 13, 505	$ 545	$ 6, 689	$ 24, 147	$ 486, 108

A. There were no borrowing costs capitalized as part of property, plant and equipment for the years ended December 31, 2020 and 2019.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements－lessee

A. The Company leases various assets including business vehicles, multifunction printers. Rental contracts are typically made for periods of 3 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles, which were excluded from the right-of-use assets.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Transportation equipment (Business vehicles)	$ 5,916	$ 2,386
Office equipment (Photocopiers)	138	692
	$ 6,054	$ 3,078

	Year ended December 31, 2020	Year ended December 31, 2019
	Depreciation charge	Depreciation charge
Transportation equipment (Business vehicles)	$ 3,279	$ 3,625
Office equipment (Photocopiers)	554	553
	$ 3,833	$ 4,178

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $6,809 and $2,474, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 72	$ 70
Expense on short-term lease contracts	1,049	1,994
Expense on leases of low-value assets	301	524

F. For the years ended December 31, 2020 and 2019, the Company’s total cash outflow for leases were $5,316 and $6,745, respectively.

(9) Intangible assets

	2020
	Software
At January 1	
Cost	$ 26,116
Accumulated amortisation and impairment	(19,007)
	$ 7,109
Opening net book amount as at January 1	$ 7,109
Additions－acquired separately	1,917
Reclassifications (Note)	1,561
Amortisation charge	(4,563)
Closing net book amount as at December 31	$ 6,024
At December 31	
Cost	$ 15,100
Accumulated amortisation and impairment	(9,076)
	$ 6,024

Note:It refers to construction in progress and prepayment for equipment transferred to software amounting to $857, and prepaid expenses transferred to software amounting to $704.

	2019
	Software
At January 1	
Cost	$ 21,354
Accumulated amortisation and impairment	(13,054)
	$ 8,300
Opening net book amount as at January 1	$ 8,300
Additions－acquired separately	4,762
Amortisation charge	(5,953)
Closing net book amount as at December 31	$ 7,109
At December 31	
Cost	$ 26,116
Accumulated amortisation and impairment	(19,007)
	$ 7,109

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Operating costs	$ 710	$ 330
Selling expenses	271	102
Administrative expenses	2,787	5,215
Research and development expenses	795	306
	$ 4,563	$ 5,953

(10) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Unsecured Banking Loan	$ 570,600	0.61%～0.95%	None

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Unsecured Banking Loan	$ 947,960	1.15%～2.75%	None

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

Items	December 31, 2020	December 31, 2019
Current items:		
Financial liabilities held for trading		
Derivative instruments	$ 166	$ 6,876

A. Amounts recognized in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	2020	2019
Financial liabilities mandatorily measured at fair value through profit or loss		
Equity instrument	($ 7,965)	$ -

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

	December 31, 2020	
Derivative financial liabilities	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 6,990	2020/11-2021/2

	December 31, 2019	
Derivative financial liabilities	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 23,500	2020/1-2020/2

Foreign exchange swap contracts

The Company entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(12) Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable	$ 477,139	$ 277,209
Estimated accounts payable	110,123	146,922
	$ 587,262	$ 424,131

(13) Other payables

	December 31, 2020	December 31, 2019
Salary and bonus payable	$ 180,755	$ 114,769
Employees' compensation and directors' remuneration payable	17,360	12,516
Pension payable under the new labor pension system	24,887	22,595
Accrued annual leave	12,574	12,378
Insurance expense payable	9,153	5,444
Payable on machinery and equipment	504	168
Other	110,248	219,099
	$ 355,481	$ 386,969

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 2	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 2	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 2	108,000
				732,000
Less: Current portion (shown as other current liabilities)				(300,000)
				$ 432,000

Interest rate range：0.52%～0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2019
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Unsecured borrowings	Borrowing period is from November 29, 2019 to February 10, 2020, interest is repayable monthly, the credit can be redrawn during the contract period from April 18, 2019 to April 17, 2021.	Fixed	None	150,000
Unsecured borrowings	Borrowing period is from November 1, 2019 to November 11, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Secured borrowings	Borrowing period is from November 20, 2019 to January 20, 2020, interest is repayable monthly, the principal is repayable in full at maturity. The credit can be redrawn during the contract period from October 27, 2015 to October 27, 2020.	Fixed	Note 1	300,000
				850,000
Less: Current portion (shown as other current liabilities)				(300,000)
				$ 550,000

Interest rate range：1.02%～1.79%

Note 1: In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed E.Sun Commercial Bank, Ltd., Bank of Taiwan, Chang Hwa Commercial Bank, Bank SinoPac Company Limited, Yuanta Commercial Bank Co., Ltd. and First Commercial Bank (hereafter individually referred to as the “management bank”) to arrange a bank company and provide a syndicated loan amounting to $1.8 billion with a credit term of five years from the date of first drawdown. The Company has pledged the property (please refer to Note 8 for details) and signed a commercial paper at face value of NT $1.8 million to the management bank as collateral.

According to the abovementioned syndicated loan agreement, the Company agreed to provide the consolidated financial statements audited or reviewed by the CPA quarterly and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

A. Current ratio: Current assets against current liabilities shall be at least 120%.

B. Debt ratio: Debt against net tangible assets shall be no more than 200%.

C. Interest coverage ratio: the net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.

D. Net tangible assets: the net value less intangible assets shall be no less than $2 billion.

Note 2: In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed Taipei Fubon Commercial Bank Co., Ltd. to provide a loan amounting to $500 million with a credit term of five years from the date of first drawdown. The Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

A. Current ratio: Current assets against current liabilities shall be at least 120%.

B. Debt ratio: Debt against net tangible assets shall be no more than 200%.

C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.

D. Net tangible assets: the net asset value less intangible shall be no less than $2 billion.

The 2020 and 2019 financial statements of the Company met the requirements of the financial ratio limits.

(15) <u>Pensions</u>

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 150,560)	($ 144,251)
Fair value of plan assets	130,720	120,079
Net defined benefit liability	($ 19,840)	($ 24,172)

(c) Movements in net defined benefit liabilities are as follows:

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 144,251)	$ 120,079	($ 24,172)
Current service cost	(615)	-	(615)
Interest (expense) income	(1,082)	937	(145)
	(145,948)	121,016	(24,932)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,978	3,978
Change in demographic assumptions	(883)	-	(883)
Change in financial assumptions	(4,209)	-	(4,209)
Experience adjustments	(3,330)	-	(3,330)
	(8,422)	3,978	(4,444)
Pension fund contribution	-	9,536	9,536
Paid pension	3,810	(3,810)	-
At December 31	($ 150,560)	$ 130,720	($ 19,840)

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 147,824)	$ 116,328	($ 31,496)
Current service cost	(672)	-	(672)
Interest (expense) income	(1,663)	1,362	(301)
	(150,159)	117,690	(32,469)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,994	3,994
Change in demographic assumptions	(762)	-	(762)
Change in financial assumptions	(5,962)	-	(5,962)
Experience adjustments	1,490	-	1,490
	(5,234)	3,994	(1,240)
Pension fund contribution	-	9,537	9,537
Paid pension	11,142	(11,142)	-
At December 31	($ 144,251)	$ 120,079	($ 24,172)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31, 2020	Year ended December 31, 2019
Discount rate	0.5%	0.75%
Future salary increases	3%	3%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	$ 4,240	($ 4,408)	($ 4,228)	$ 4,086
December 31, 2019				
Effect on present value of defined benefit obligation	$ 4,035	($ 4,201)	($ 4,032)	$ 3,895

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 amount to $9,536.

(g) As of December 31, 2020, the weighted average duration of the retirement plan is 11.4 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 4,175
1-2 year(s)	3,944
2-5 years	21,881
Over 5 years	39,419
	$ 69,419

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

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019 were $13,133 and $12,467, respectively.

(16) Share capital

A. As of December 31, 2020, the Company's authorised capital was $2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was $1,492,055 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit : thousand shares

	2020	2019
At January 1 / December 31	149,206	149,206

B. Treasury shares

(a) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(b) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(d) On March 14, 2019, the Board of Directors of the Company resolved to retire treasury shares by 9,539 thousand shares, the paid-in capital was $1,492,055 after the capital decrease and the effective date was set on April 24, 2019.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2020					
	Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Employee stock option	Total
At January 1 / December 31	$ 85,584	$ 133,672	$ 11,761	$ 1,776	$ 7	$232,800

	2019					
	Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Employee stock option	Total
At January 1	$ 91,056	$ 142,218	$ 11,761	$ 1,776	$ 7	$ 246,818
Disposal of treasury shares	(5,472)	(8,546)	-	-	-	(14,018)
At December 31	$ 85,584	$ 133,672	$ 11,761	$ 1,776	$ 7	$ 232,800

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The appropriation of 2019 and 2018 earnings had been resolved at the stockholders' meeting on May 21, 2020 and June 13, 2019, respectively. Details are summarized below:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Amount	Earnings per share(In dollars)	Amount	Earnings per share(In dollars)
Legal reserve	$ 27,131	$ -	$ 55,638	$ -
Cash dividends	373,013	2.5	373,013	2.5
Total	$ 400,144	$ 2.5	$ 428,651	$ 2.5

E. On March 4, 2021, the Board of Directors proposed for the distribution of dividends from the 2020 earnings in the amount of $373,013 at $2.5 (in dollars) per share and ordinary shares in the amount of $29,841 at $0.2 (in dollars). As of March 4, 2021, the aforementioned distribution has not yet been resolved by the shareholders.

(19) Other equity items

	2020			
	Unrealised gains (losses) on valuation	Currency translation	Other	Total
At January 1	$ 149,836	($ 160,813)	$ 530	($ 10,447)
Valuation adjustment	(89,486)	-	-	(89,486)
Disposal transferred out from retained earnings	(31,227)	-	-	(31,227)
Currency translation differences: –Group	-	25,282	-	25,282
At December 31	$ 29,123	($ 135,531)	$ 530	($ 105,878)

	2019			
	Unrealised gains (losses) on valuation	Currency translation	Other	Total
At January 1	$ 114,723	($ 102,461)	$ 530	$ 12,792
Valuation adjustment	37,293	-	-	37,293
Disposal transferred out from retained earnings	(2,180)	-	-	(2,180)
Currency translation differences: –Group	-	(58,352)	-	(58,352)
At December 31	$ 149,836	($ 160,813)	$ 530	($ 10,447)

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

Year ended December 31, 2020	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	$ 603,140	$ 1,693,493	$ 132,017	$ 2,428,650
Over time	68,419	-	-	68,419
	$ 671,559	$ 1,693,493	$ 132,017	$ 2,497,069

Year ended December 31, 2019	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	$ 813,972	$ 1,961,142	$ 98,618	$ 2,873,732
Over time	71,364	-	-	71,364
	$ 885,336	$ 1,961,142	$ 98,618	$ 2,945,096

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	$ 289,944	$ 46,124	$ 49,636

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 33,360	$ 47,691

(21) Interest income

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income from bank deposits	$ 906	$ 2,897

(22) Other income

	Year ended December 31, 2020	Year ended December 31, 2019
Rent income	$ 224	$ 679
Dividend income	12,507	53,293
Other income	34,191	66,211
	$ 46,922	$ 120,183

(23) Other gains and losses

	Year ended December 31, 2020	Year ended December 31, 2019
Gains on disposals of investments	$ 10,351	$ 2,729
Foreign exchange losses	(41,685)	(16,568)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	8,185	(5,309)
Other gains and losses	(7)	1
	($ 23,156)	($ 19,147)

(24) Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Bank loan	$ 16,637	$ 35,152
Lease liabilities	72	70
	$ 16,709	$ 35,222

(25) Expenses by nature

	Year ended December 31, 2020	Year ended December 31, 2019
Employee benefit expense	$ 389,708	$ 387,175
Depreciation expense	$ 32,645	$ 28,904
Amortisation charges on intangible assets	$ 5,546	$ 6,948

(26) Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Wages and salaries	$ 330,015	$ 326,437
Employee stock options	28,055	26,652
Pension costs	13,133	13,440
Other personnel expenses	18,505	20,646
	$ 389,708	$ 387,175

A. The current year's earnings, if any, shall be distributed a ratio of 1%~9% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors' remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.

   If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the years ended December 31, 2020 and 2019, employees’ compensation was accrued at $5,341 and $3,851, respectively; while directors’ remuneration was accrued at $12,018 and $8,665, respectively. The aforementioned amounts were recognized in salary expenses.

The employees’ compensation and directors’ remuneration were estimated and accrued based on 1% and 2.25% of distributable profit of current year for the year ended December 31, 2020.

The employees’ compensation and directors’ remuneration for 2019 amounting to $3,851 and $8,665, respectively, as resolved at the shareholders' meeting on May 21, 2020 which were in agreement with those amounts recognized in the 2019 financial statements.

Information about employees’ compensation and directors’ and supervisors’ remuneration of the Company as resolved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2020	Year ended December 31, 2019
Current tax:		
Current tax on profits for the year	$ 58,186	$ 71,123
Tax on undistributed surplus earnings	-	6,066
Prior year income tax (over) underestimation	(7,985)	(9,431)
Total current tax	50,201	67,758
Deferred tax:		
Origination and reversal of temporary differences	27,813	(7,598)
Total deferred tax	27,813	(7,598)
Income tax expense	$ 78,014	$ 60,160

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Translation differences of foreign operations	($ 4,345)	$ 14,588

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2020	Year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	$ 103,356	$ 74,510
Expenses disallowed by tax regulation	-	24
Tax exempt income by tax regulation	(13,477)	(27,034)
Temporary differences not recognised as deferred tax assets	16,694	18,207
Prior year income tax (over) underestimation	(7,985)	(9,431)
Tax on undistributed earnings	-	6,066
Income tax paid in and for income derived from Mainland China	(20,574)	(2,182)
Income tax expense	$ 78,014	$ 60,160

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
－Deferred tax assets:				
Temporary differences:				
Unrealised exchange gain	$ 8,101	$ 4,016	$ -	$ 12,117
Unrealised inventory valuation loss	64,805	(34,277)	-	30,528
Unrealised gain (loss) on financial instruments	1,375	(1,375)	-	-
Allowance for uncollectible accounts in excess of tax limits	22,187	7,118	-	29,305
Unrealised gross profit from downstream sales on inter-affiliate accounts	3,261	83	-	3,344
Unrealised gross profit from upstream sales on inter-affiliate accounts	454	250	-	704
Defined benefit plan	10,058	-	-	10,058
Accrued annual leave	3,737	(39)	-	3,698
Impairment loss	21,569	530	-	22,099
Translation differences of foreign operations	11,608	-	(4,345)	7,263
Other	280	-	-	280
	$ 147,435	($ 23,694)	($ 4,345)	$ 119,396
－Deferred tax liabilities:				
Unrealised exchange gain	($ 2,202)	($ 2,194)	$ -	($ 4,396)
Unrealised gain (loss) on financial instruments	-	(141)	-	(141)
Associates	(291,005)	(65)	-	(291,070)
Defined benefit plan	(10,791)	(1,719)	-	(12,510)
Land Value Increment Tax	(22,843)	-	-	(22,843)
	($ 326,841)	($ 4,119)	$ -	($ 330,960)

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
—Deferred tax assets:				
Temporary differences:				
Unrealised exchange gain	$ 1,403	$ 6,698	$ -	$ 8,101
Unrealised inventory valuation loss	39,153	25,652	-	64,805
Unrealised gain (loss) on financial instruments	-	1,375	-	1,375
Allowance for uncollectible accounts in excess of tax limits	18,614	3,573	-	22,187
Unrealised gross profit from downstream sales on inter-affiliate accounts	2,701	560	-	3,261
Unrealised gross profit from upstream sales on inter-affiliate accounts	1,702	(1,248)	-	454
Defined benefit plan	10,058	-	-	10,058
Accrued annual leave	3,521	216	-	3,737
Impairment loss	22,476	(907)	-	21,569
Translation differences of foreign operations	-	-	11,608	11,608
Other	280	-	-	280
	$ 99,908	$ 35,919	$ 11,608	$ 147,435
—Deferred tax liabilities:				
Unrealised exchange gain	($ 1,887)	($ 315)	$ -	($ 2,202)
Unrealised gain (loss) on financial instruments	(260)	260	-	-
Associates	(264,452)	(26,553)	-	(291,005)
Translation differences of foreign operations	(2,980)	-	2,980	-
Defined benefit plan	(9,078)	(1,713)	-	(10,791)
Land Value Increment Tax	(22,843)	-	-	(22,843)
	($ 301,500)	($ 28,321)	$ 2,980	($ 326,841)

D. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 98,830	$ 118,231

E. The Company’s income tax returns through 2017 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the company	$ 438,766	149,206	$ 2.94
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	173	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 438,766	149,379	$ 2.94

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the company	$ 312,390	149,206	$ 2.09
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	379	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 312,390	149,585	$ 2.09

(29) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2020	Year ended December 31, 2019
Purchase of property, plant and equipment	$ 11,085	$ 45,984
Add: Opening balance of payable on equipment	168	614
Less: Ending balance of payable on equipment	(504)	(168)
Cash paid during the year	$ 10,749	$ 46,430

B. Financing activities with no cash flow effects

	Year ended December 31, 2020	Year ended December 31, 2019
Retirement of treasury shares	$ -	$ 151,418

(30) Changes in liabilities from financing activities

2020	Short-term borrowings	Long-term borrowings (Note 1)	Leases liabilities (Note 2)	Liabilities from financing activities-gross
At January 1	$ 947,960	$ 850,000	$ 3,099	$ 1,801,059
Changes in cash flow from financing activities	(377,360)	(118,000)	(3,894)	(499,254)
Interest expense	-	-	72	72
Payment of interest	-	-	(72)	(72)
Changes in other non-cash items	-	-	6,894	6,894
At December 31	$ 570,600	$ 732,000	$ 6,099	$ 1,308,699

2019	Short-term borrowings	Long-term borrowings (Note 1)	Leases liabilities (Note 2)	Liabilities from financing activities-gross
At January 1	$ 879,449	$ 620,000	$ 4,782	$ 1,504,231
Changes in cash flow from financing activities	68,511	230,000	(4,157)	294,354
Interest expense	-	-	70	70
Payment of interest	-	-	(70)	(70)
Changes in other non-cash items	-	-	2,474	2,474
At December 31	$ 947,960	$ 850,000	$ 3,099	$ 1,801,059

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Csun Technology (Guangzhou) Co., Ltd.	Subsidiary
Abcon Technology Inc.	Subsidiary
Wat Sun. Intelligent Technology Co., Ltd.	Subsidiary
Suzhou Top Creation Machines Co., Ltd.	Subsidiary
Alpha-Cure Asia Co.,Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate

(2) Significant related party transactions

A. Operating revenue:

		Year ended December 31, 2020		Year ended December 31, 2019
Sales of goods:				
Subsidiary	$	184,134	$	164,944
Sales of services:				
Subsidiary		9,430		10,783
	$	193,564	$	175,727

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases:

		Year ended December 31, 2020		Year ended December 31, 2019
Purchases of goods:				
Subsidiary	$	220,071	$	245,806
Associates		14,558		3,371
	$	234,629	$	249,177

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Receivables from related parties:

		December 31, 2020		December 31, 2019
Accounts receivable:				
Subsidiary	$	39,563	$	49,261
Other receivables:				
Subsidiary		7,334		3,220
Associates		391		-
		7,725		3,220
	$	47,288	$	52,481

The receivables from related parties arise mainly from sale transactions and other transactions. The receivables are unsecured in nature and bear no interest.

There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

		December 31, 2020		December 31, 2019
Accounts payable:				
Subsidiary	$	71,207	$	79,246
Associates		10,698		1,224
	$	81,905	$	80,470

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

E. Other transaction:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Item	Amount	Item	Amount
Subsidiary	Service expense	$ 22,370	Service expense	$ 18,133

(3) Key management compensation

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and other short-term employee benefits	$ 27,824	$ 24,910
Post-employment benefits	325	397
	$ 28,149	$ 25,307

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purpose
Property, plant and equipment	$ 373,227	$ 318,048	Long-term borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Contingencies

Except for the descriptions in other Notes to the parent company only financial statements, the Company's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales for the years ended December 31, 2020 and 2019 were $25,578 and $14,586, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please refer note 6(18).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2020, the Company’s strategy, which was unchanged from 2020, was to maintain the gearing ratio within reasonable risk level. The gearing ratios at December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Total borrowings	$ 1,302,600	$ 1,797,960
Less: Cash and cash equivalents	(513,963)	(240,271)
Net debt	788,637	1,557,689
Total equity	2,509,665	2,512,560
Total capital	$ 3,298,302	$ 4,070,249
Gearing ratio	23.91%	44.16%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 55,878	$ 24,414
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 103,573	$ 892,718
Financial assets at amortised cost		
Cash and cash equivalents	$ 513,963	$ 240,271
Notes receivable	3,750	18,927
Accounts receivable (including related parties)	1,031,849	1,700,117
Other receivables (including related parties)	7,725	3,220
Guarantee deposits paid	1,098	3,400
	$ 1,558,385	$ 1,965,935

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 166	$ 6,876
Financial liabilities at amortised cost		
Short-term borrowings	$ 570,600	$ 947,960
Notes payable	67,224	60,260
Accounts payable (including related parties)	669,167	504,601
Other accounts payable (including related parties)	355,481	386,969
Long-term borrowings (including current portion)	732,000	850,000
	$ 2,394,472	$ 2,749,790
Lease liability (including current portion)	$ 6,099	$ 3,099

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 34,136	28.430	$ 975,604
RMB:NTD	38,104	4.352	165,829
JPY:NTD	64,624	0.274	17,726
Non-monetary items			
USD:NTD	$ 94,262	28.430	$ 2,679,882
Financial liabilities			
Monetary items			
USD:NTD	$ 21,187	28.530	$ 604,465
JPY:NTD	6,993	0.278	1,946

	December 31, 2019				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	51,414	29.930	$	1,538,821
RMB:NTD		9,089	4.280		38,901
JPY:NTD		177,863	0.274		48,734
IDR:NTD		2,152	3.938		8,475
Non-monetary items					
USD:NTD	$	60,865	29.930	$	1,821,682
Financial liabilities					
Monetary items					
USD:NTD	$	23,846	30.030	$	716,095
JPY:NTD		27,742	0.278		7,712

ii. Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to ($41,685) and ($16,568), respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020				
	Sensitivity analysis				
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	9,756	$	-
RMB:NTD	1%		1,658		-
JPY:NTD	1%		177		-
Non-monetary items					
USD:NTD	1%	$	-	$	26,799
Financial liabilities					
Monetary items					
USD:NTD	1%	($	6,045)	$	-
JPY:NTD	1%	(	19)		-

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 15,388	$ -
JPY:NTD	1%	487	-
RMB:NTD	1%	389	-
Non-monetary items			
USD:NTD	1%	$ -	$ 18,217
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 7,161)	$ -
JPY:NTD	1%	(77)	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $559 and $2,441, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,036 and $8,927, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

The Company's main interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2020 and 2019, the Company's borrowings at variable rate were denominated in the NTD. If the interest rate had increased/decreased by 0.25%, the amount of cash flow out for the years ended December 31, 2020 and 2019 would have increased/decreased by $1,080 and $2,125, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The default occurs when the contract payments are past due.

iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix to estimate expected credit loss.

vi. The Company used the forecastability of the industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the provision matrix is as follows:

	Up to 60 days past due	61~120 days past due	121~180 days past due	Up to 181 days	Total
At December 31, 2020					
Expected loss rate	10% or less	20%~90%	30%~90%	100%	
Total book value	$ 1,082,207	$ 61,522	$ 1,298	$ 37,399	$ 1,182,426
Loss allowance	($ 98,169)	($ 53,416)	($ 1,156)	($ 37,399)	($ 190,140)
At December 31, 2019					
Expected loss rate	5% or less	50%~100%	70%~100%	90%~100%	
Total book value	$ 1,680,903	$ 1,310	$ 11,821	$ 41,908	$ 1,735,942
Loss allowance	($ 30,047)	($ 1,310)	($ 11,821)	($ 41,908)	($ 85,086)

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2020		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	$ 85,086	$ 111	$ 87,004
Provision for impairment	164,892	-	-
Reversal of impairment loss	-	(88)	(75,899)
Write-offs	(59,838)	-	-
At December 31	$ 190,140	$ 23	$ 11,105

	2019		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	$ 65,746	$ 503	$ 88,552
Provision for impairment	25,513	-	-
Reversal of impairment loss	-	(251)	(1,548)
Write-offs	(6,173)	(141)	-
At December 31	$ 85,086	$ 111	$ 87,004

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2020 and 2019 the Company held money market position of $511,866 and $238,511, respectively, and other liquid assets of $0 and $0, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2020		December 31, 2019	
Fixed rate:				
Expiring within one year	$	1,531,119	$	1,340,357
Expiring beyond one year		413,001		150,000
	$	1,944,120	$	1,490,357

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity companyings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 570,600	$ -	$ -	$ -
Financial liabilities at fair value through profit or loss	166	-	-	-
Notes payable	67,224	-	-	-
Accounts payable(including related parties)	669,197	-	-	-
Other payables(including related parties)	355,481	-	-	-
Lease liability	3,456	2,834	-	-
Long-term borrowings(including current portion)	300,859	-	443,525	-

December 31, 2019	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 947,960	$ -	$ -	$ -
Financial liabilities at fair value through profit or loss	6,876	-	-	-
Notes payable	60,260	-	-	-
Accounts payable(including related parties)	504,601	-	-	-
Other payables(including related parties)	386,969	-	-	-
Lease liability	3,099	-	-	-
Long-term borrowings(including current portion)	304,427	557,258	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in listed stocks, beneficiary certificates, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company’s investment in most derivative instruments is included in Level 2.

Level 3:Unobservable inputs for the asset or liability. The fair value of the Company’s investment in equity investment without active market and investment property is included in Level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 55,173	$ 705	$ -	$ 55,878
Financial assets at fair value through other comprehensive income				
Equity securities	1,555	-	102,018	103,573
Total	$ 56,728	$ 705	$ 102,018	$ 159,451
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Equity securities	$ -	($ 166)	$ -	($ 166)

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 24,414	$ -	$ -	$ 24,414
Financial assets at fair value through other comprehensive income				
Equity securities	783,460	-	109,258	892,718
Total	$ 807,874	$ -	$ 109,258	$ 917,132
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Equity securities	$ -	($ 6,876)	$ -	($ 6,876)

(b)The methods and assumptions the Company used to measure fair value are as follows:

i.The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

viii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

ix. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

C. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

D. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020 equity securities	2019 equity securities
At January 1	$ 109,258	$ 86,367
Gain or loss recognized in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	7,080	27,045
Acquired in the period	1,594	3,243
Sold in the period	(200)	(5,597)
Proceeds from capital reduction	(15,714)	(1,800)
At December 31	$ 102,018	$ 109,258

E. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

F. Accounting Department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 86,904	Market comparable companies	Price to earnings ratio multiple	1.99~173	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	15,114	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 81,288	Market comparable companies	Price to earnings ratio multiple	2.07~31.06	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	27,970	Net asset value	Not applicable	Not applicable	Not applicable

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio multiple	± 10%	$ -	$ -	$ 11,655	($ 11,655)

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio multiple	± 10%	$ -	$ -	$ 12,926	($ 12,926)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(11) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

Not applicable.

C SUN MFG. LTD.
Loans to other
For the year ended December 31, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Note
0	Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	Other receivables	Yes	$ 2,000	$ 1,000	$ 1,000	1.25%	Short-term financing	$ -	Operational need	$ -	-	$ -	$ 619	$ 1,238	Note 1, Note 3
1	Csun Technology (Guangzhou) Co., Ltd.	Alpha-Cure Asia Co.,Ltd.	Other receivables	Yes	15,320	-	-	6%	"	-	"	-	Check	15,320	109,806	219,612	Note 2

Note 1: As prescribed in the subsidiary, Top Creation Machines Co., Ltd.'s "Procedures for Provision of Loans":

i.Ceiling on total loans granted: The total amount shall not exceed 40% of the net assets value of the Company and the limit amount for a single party shall not exceed 20% of the net equity.

ii. For business relationship, the limit amount for a single party shall not exceed 40% of the net assets value of the Company.

iii.For short-term financing, limit on loans granted for a single party shall not exceed 40% of the net assets value of the Company.

Note 2: As prescribed in the subsidiary, Csun Technology (Guangzhou) Co., Ltd.'s "Procedures for Provision of Loans":

i. Ceiling on total loans granted: The total amount shall not exceed 20% of the net assets value of the Company and the limit amount for a single party shall not exceed 10% of the net equity.

ii. For business relationship, the limit amount for a single party shall not exceed 20% of the net assets value of the Company.

iii.For short-term financing, limit on loans granted for a single party shall not exceed 20% of the net assets value of the Company.

Note 3:For the amount of endorsements and guarantees exceeded the limit specified in the Company's "Procedures for Provision of Loans", management of the Company has prepared an improvement plan and is taking steps based on the improvement plan.

C SUN MFG. LTD.
Provision of endorsements and guarantees to others
For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Note 2	$ 501,933	$ 85,440	$ 85,440	$ -	$ -	3.40	$ 1,254,833	Y	N	Y	
0	C SUN MFG. LTD.	Suzhou Top Creation Machines Co., Ltd.	"	501,933	85,440	85,440	-	-	3.40	1,254,833	"	"	"	

Note 1: Ceiling on total amount of endorsements/guarantees is 50% of the Company’s net asset value; limit on endorsement/guarantee to a single party is 20% of the Company’s net assets value.
Note 2: The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

C SUN MFG. LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020			
				Number of shares	Book value	Ownership (%)	Fair value
C SUN MFG. LTD.	Mufg Fund Services (Singapore) Pte. Ltd.	None	Financial assets at fair value through profit or loss - current	17	$ 55,878	-	$ 55,878
"	Group Up Industrial Co., Ltd.	"	Financial assets measured at fair value through other comprehensive income - current	24	1,555	0.04	1,555
"	Advance Materials Corporation	"	Financial assets measured at fair value through other comprehensive income - non-current	1,424	7,204	1.21	7,204
"	Viewmove Technologies, Inc.	Director	"	481	15,208	14.70	15,208
"	Emax Tech Co., Ltd.	"	"	3,653	51,391	14.02	51,391
"	Hua Da Venture Capital Corporation	"	"	492	3,823	6.00	3,823
"	Luminescence Technology Corp.	None	"	454	6,901	1.80	6,901
"	Yankey Engineering Co., Ltd.	"	"	10	1,730	0.02	1,730
"	Aibdt Technology Inc.	"	"	325	647	1.79	647
"	Gvt Fund Gp, L.P.	"	"	770	15,114	1.51	15,114
C Sun (B.V.I) Ltd.	Gvt Fund Gp, L.P.	"	"	288	5,661	0.66	5,661
"	Mufg Fund Services (Singapore) Pte. Ltd.	"	Financial assets at fair value through profit or loss - current	8	27,050	-	27,050
K Sun (Samoa) Ltd.	Unimax C.P.I. Technology Corp.	"	Financial assets measured at fair value through other comprehensive income - non-current	1,730	8,867	17.86	8,867

C SUN MFG. LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Sales	$ 148,325	3.63%	Similary to third parties	Similary to third parties	Similary to third parties	$ 24,332	1.25%
"	"	"	Purchases	218,406	7.46%	Similary to third parties	Similary to third parties	Similary to third parties	71,136	6.55%

Note 1: If the transaction term are different compared to third party, please describe the difference terms on column of credit term and unit price.

Note 2: If the transaction have prepayment or received in advance, please describe the reason, term, amount and differences compared to third party on column of footnote.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

C SUN MFG. LTD.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Amount	Transaction terms (Note 3)	Percentage of consolidated total operating revenues or total assets (Note 4)
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	1	Sales	$ 148,325	-	3.63
	"	"	1	Service expenses	22,370	-	0.55
	"	"	1	Purchases	218,406	-	5.35
	"	"	1	Accounts payable	71,136	-	1.05
	"	"	1	Accounts receivable	24,332	-	0.36
	"	Wat Sun. Intelligent Technology Co., Ltd.	1	Accounts receivable	15,228	-	0.23
	"	"	1	Sales	35,809	-	0.88
1	Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	3	Other accounts payable	15,157	-	0.22
2	Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	3	Sales	101,509	-	2.48
	"	"	3	Accounts receivable	45,472	-	0.67
	"	"	3	Advance payment	73,894	-	1.09

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.
(1) Number 0 represents the Company
(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows (If transaction of parent company with subsidiaries or transaction in subsidiaries will not expose repeat, for example; If parent company exposed transaction with parent company with subsidiaries, then subsidiaries will not expose that transaction; If one of subsidiary company exposed transaction with other subsidiary company, it will not exposed repeat transaction from other subsidiary company.)
(1) The Company to the consolidated subsidiaries.
(2) The consolidated subsidiaries to the Company
(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note 3: The sales of the parent company with Csun Technology (Guangzhou) Co., Ltd. is strategy division for Corporation, the price set of the transaction is base on the agreement, other transaction with non-parties are same with third parties, Transaction terms for the other transaction can't reference to similary transaction, all is following the agreement agree.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: The information only disclosing for the amount of transactions are more than $10,000 and counter parties shall not disclose .

C SUN MFG. LTD.

Information on investees

For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income(loss) recognised by the Company for the year ended December 31, 2020	Footnote
C SUN MFG. LTD.	C Sun (B.V.I) Ltd.	British Vitgin Islands	Investment	$ 330,197	$ 347,588	-	100.00	$ 1,791,478	$ 207,596	$ 206,345	Note
"	K Sun (Samoa) Ltd.	Samoa	Incestment	65,846	69,314	-	100.00	16,627	(23)	(23)	
"	Wat Sun. Intelligent Technology Co., Ltd.	Taiwan	Machinery and equipment manufacturing	700,000	700,000	70,000	100.00	45,230	15,149	15,149	
"	Abcon Technology Inc.	Taiwan	Machinery and equipment wholesale and manufacturing	20,000	20,000	2,000	66.67	6,206	1,609	1,073	
"	Gallant Precision Machining Co., Ltd.	Taiwan	Machinery and equipment wholesale and manufacturing	723,954	690,469	39,538	23.94	734,188	162,977	38,656	
"	Gallant Micro. Machining Co., Ltd.	Taiwan	Machinery and equipment wholesale and manufacturing	83,264	77,101	1,812	6.41	86,153	68,371	(171)	
C Sun (B.V.I) Ltd.	Alpha Joint Ltd.	Samoa	Investment	16,518	17,388	580	100.00	77,200	(7,110)	(7,110)	
"	Power Ever Enterprises Limited	Samoa	Investment	168,317	177,182	-	77.47	607,408	159,559	123,617	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Hong Kong	Investment	170,880	179,880	6,000	100.00	764,572	174,415	174,415	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Taiwan	Machinery installation and wholesales, Equipment retail and electronic materials wholesale	7,500	7,500	750	100.00	3,086	(1,858)	(1,858)	

Note 1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Note 2: The shares of Gallant Precision Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company cumulatively increased its shareholdings in Gallant Precision Machining Co., Ltd. on March 30, 2020, and the Company obtained the significant influence over it.

Note 3: The shares of Gallant Micro. Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company’s comprehensive shareholding ratio was 20.1% on October 31, 2020.

C SUN MFG. LTD.

Information on investments in Mainland China

For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan toMainland China as of December 31, 2020	Net profit (loss) of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note2(2))	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
Csun Technology (Guangzhou) Co., Ltd.	Manufacturing, installing, sales and processing all manner of drying equipment, tempature experiment equipment and exposure equipment.	$ 547,101	2	$ 142,764	$ -	$ -	$ 135,621	$ 75,899	100.00	$ 75,899	$ 1,099,924	$ 455,052	Note 2 (2)(B)
Alpha-Cure Asia Co.,Ltd.	Manufacturing and processing UV curing lamp.	60,349	2	17,388	-	-	16,518	28,581	25.00	7,145	71,448	-	Note 2 (2)(B)
Suzhou Amc Technology Co., Ltd.	Preparation, research and design, manufacturing and processing for copper claded laminates, semiconductor, special for components use materials and tc tape carrier package.	512,640	2	7,228	-	-	6,867	-	0.89	-	-	-	
Northern Juye (Beijing) Information Technology Co., Ltd.	Operating information and internet technical and hardware sales.	142,400	2	5,178	-	-	4,918	-	2.82	-	-	-	
Suzhou Top Creation Machines Co., Ltd.	Design and manufacturing printed circuit board, flat panel display, semiconductor, solar industry equipment and related parts sales.	156,640	2	176,492	-	-	167,662	174,452	77.47	135,148	764,517	45,476	Note 2 (2)(B)、Note 4
Guangzhou Y SUN Machinery Tech. Co., Ltd.	Mainly laser cutting machinery parts, various metal precision sheet metal, laser, punching;zigzag processing machinery;frame development for Stainless steel equipment for dust-free room; design, manufacturing and installation of generator, air compressor, sound-proof shield, engine room soundproof.	59,090	3	-	-	-	-	215	100.00	215	4,052	-	Note 2 (2)(B)
Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	Research and development, manufacturing high-tech materials, intellectual toys, toy balloon; computer software's develop application; manufacturing mould and precision machinery.	231,981	3	-	-	-	-	933	100.00	933	244,214	-	Note 2 (2)(B)

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area,which then investeed in the investee in Mainland China.

(3)Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.

C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4:As of December 31, 2020, C Sun (B.V.I.) Ltd. held 77.47% of the equity interest of Power Ever Enterprises Limited and indirectly obtains the equity interest of Power Ever Enterprises Limited, and indirectly obtained the equity interest of Suzhou Top Creation Machines Co., Ltd. through investing in an existing company in the third area, which then invested in Suzhou Top Creation Machines Co., Ltd. in Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
C SUN MFG. LTD.	$331,587	$720,825	$1,505,799

C SUN MFG. LTD.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale		Purchase		Accounts receivable		Accounts payable		Financing				
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	Others
Csun Technology (Guangzhou) Co., Ltd.	$ 148,325	3.63	$ 218,406	7.46	$ 24,332	1.25	$ 71,136	6.55	-	-	-	-	-

C SUN MFG. LTD.

Information of major shareholders

December 31, 2020

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

	Shares	
Name of major shareholders	Number of shares held	Holding percentage
Hai-Xing Investment Co.,Ltd	13,337	8.93%
Pin-Zhi Investment Co.,Ltd	11,030	7.39%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act,
the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

C SUN MFG. LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description		Amount	
Cash and cash equivalents			$	2,097
Cash in banks				
Demand deposits -NTD				319,252
-USD	1,502,205	Exchange rate 28.43		42,708
-JPY	28,782,107	Exchange rate 0.2743		7,895
-CNY	1,705,497	Exchange rate 4.352		7,422
-HKD	184,357	Exchange rate 3.643		672
-EUR	4,740	Exchange rate 34.82		165
Time deposits -CNY	30,733,500	Exchange rate 4.352		133,752
			$	513,963

C SUN MFG. LTD.
STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client Name	Description	Amount	Note
Customer:			
1013698		$ 196,856	
1013596		181,945	
1013489		187,695	
1013897		89,895	
Other		526,035	The balance of each customer has not exceeded 5% of the accounts receivable
Subtotal		1,182,426	
Less : Allowance for uncollectible accounts		(190,140)	
		$ 992,286	

C SUN MFG. LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw material		$ 114,715	$ 33,336	Net realisable values are used as market value
Work in progress		375,654	696,077	"
Finished goods		277,010	354,429	"
Inventory in transit		8,139	8,139	"
		775,518	$ 1,091,981	
Less : Allowance for valuation loss		(225,526)		
		$ 549,992		

C SUN MFG. LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount
C Sun (B.V.I) Ltd.	-	$ 1,770,369	-	$ 227,497	-	($ 206,388)	-	100	$ 1,791,478	-	$ 1,791,478
K Sun (B.V.I) Ltd.	-	17,007	-	632	-	(1,012)	-	100	16,627	-	16,627
Wat Sun. Intelligent Technology Co., Ltd.	70,000	30,081	-	15,149	-	-	70,000	100	45,230	-	45,230
Abcon Technology Inc.	2,000	4,225	-	1,981	-	-	2,000	66.67	6,206	-	6,206
Gallant Precision Machining Co., Ltd.	-	-	39,538	786,964	-	(52,776)	39,538	23.94	734,188	-	1,654,658
Gallant Micro. Machining Co., Ltd.	-	-	1,812	86,323	-	(170)	1,812	6.41	86,153	-	106,908
		$ 1,821,682		$ 1,118,546		($ 260,346)			$ 2,679,882		

Notes 1 and 2: Additions and decreases for the year including unrealised gross profit on inter-affiliate accounts, cumulative translation adjustment, increase of the investment amount, gain (loss) on investment, earnings remitted back and unrealised gain (loss) on financial instruments.

C SUN MFG. LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Beginning Balance	Addition	Decrease	Reclassifications	Ending Balance	Collateral	Note
Land	$ 174,128	$ -	$ -	$ -	$ 174,128	Pledge for long – term borrowings	
Buildings and structures	367,105	2,917	(48)	12,386	382,360	Pledge for long – term borrowings	
Machinery and equipment	19,797	256	-	-	20,053	None	
Office equipment	42,619	4,924	(1,191)	9,855	56,207	None	
Transportation equipment	6,969	-	(687)	-	6,282	None	
Other equipment	18,779	628	(513)	-	18,894	None	
Unfinished projects and equipment	24,147	2,360	-	(23,198)	3,309	None	
	$ 653,544	$ 11,085	($ 2,439)	($ 957)	$ 661,233		

C SUN MFG. LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Beginning Balance	Addition	Decrease	Reclassifications	Ending Balance	Note
Buildings and structures	$ 104,985	$ 14,881	($ 48)	$ -	$ 119,818	
Machinery and equipment	14,823	1,372	-	-	16,195	
Office equipment	29,114	9,095	(1,191)	-	37,018	
Transportation equipment	6,424	507	(687)	-	6,244	
Other equipment	12,090	2,957	(513)	-	14,534	
	$ 167,436	$ 28,812	($ 2,439)	$ -	$ 193,809	

C SUN MFG. LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Loan Commitments	Collateral	Note
E.SUN Bank	Unsecured borrowings	$ 104,705	Maturity within 1 year	floating	$ 200,000	None	
ChinaTrust Commercial Bank	Unsecured borrowings	74,178	"	floating	200,000	"	
Citibank	Unsecured borrowings	96,146	"	floating	135,000	"	
Taishin International Bank	Unsecured borrowings	140,082	"	floating	200,000	"	
First Commercial Bank	Unsecured borrowings	31,383	"	floating	120,000	"	
KGI BANK	Unsecured borrowings	31,383	"	floating	150,000	"	
Taipei Fubon Bank	Unsecured borrowings	92,723	"	floating	120,000	"	
		$ 570,600			$ 1,125,000		

Rate range：0.61%~0.95%

C SUN MFG. LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
The Export-Import Bank of the Republic of China	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	$ 100,000	2019.7.29~ 2021.7.28	Fixed	None	
The Export-Import Bank of the Republic of China	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	200,000	2019.11.18~ 2021.5.18	Fixed	None	
Taipei Fubon Bank	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	300,000	2020.2.20~ 2025.2.20	Fixed	Buildings and structures	
"	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	24,000	2020.7.1~ 2025.2.20	Fixed	Buildings and structures	
"	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	108,000	2020.7.1~ 2025.2.20	Fixed	Buildings and structures	
		732,000				
Less：Current portion		(300,000)				
Interest rate range：0.52%~0.88%		$ 432,000				

C SUN MFG. LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Unit	Amount	Note
Thermal curing process equipment	452	$ 937,543	
UV curing process equipment	43	332,082	
Photolithography equipment	114	489,861	
Other	137	737,583	
		$ 2,497,069	

C SUN MFG. LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Amount
Raw materials at beginning of year	$ 163,971
Add: Raw materials purchased	1,193,799
Less: Raw materials at end of year	(122,854)
Sale of raw materials	(69,749)
Loss on scrapping inventory	(22,096)
Gain on physical inventory	7
Other	(1,279)
Consumption of raw materials for the year	1,141,799
Direct labor	35,295
Manufacturing expenses	380,543
Manufacturing cost	1,557,637
Add:Work in process at beginning of year	430,627
Work in progress purchased	89,287
Less: Work in Progress at end of year	(375,654)
Work in progress sold	(273,662)
Inventory scrapped loss	(325)
Other	(135,370)
Cost of finished goods	1,292,540
Add:Finished goods at beginning of year	174,379
Finished goods purchased	135,798
Other	74,116
Less: Finished goods at end of year	(277,010)
Inventory scrapped loss	(39,154)
Cost of goods sold	1,360,669
Cost of sales and service	26,787
Unrealised inventory valuation loss	(190,785)
Inventory scrapped loss	61,575
Cost of raw materials sold	69,749
Cost of work in process sold	273,662
Loss on physical inventory	(7)
Revenue from sales of scraps	(178)
Total operating cost	$ 1,601,472

C SUN MFG. LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Description	Amount	Note
Selling expenses			
Service expenses		$ 45,824	
Wages and salaries expenses		43,702	
Packing expenses		41,426	
Shipping expenses		24,909	
Commission		24,231	
Bonus		22,799	
Others		62,004	The amount of each item included in others does not exceed 5% of the account balance.
		$ 264,895	
General and administrative expenses			
Wages and salaries expenses		$ 44,068	
Cost of service		9,623	
Depreciation charges		8,761	
Others		48,328	The amount of each item included in others does not exceed 5% of the account balance.
		$ 110,780	
Research and development expenses			
Wages and salaries expenses		73,503	
Bonus		23,975	
Overtime pays		9,614	
Insurance expense		9,184	
Others		66,538	The amount of each item included in others does not exceed 5% of the account balance.
		$ 182,814	
		$ 558,489	

C SUN MFG. LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Statement 12

Function / Nature	Year ended December 31, 2020			Year ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 106,941	$ 210,506	$ 317,447	$ 105,312	$ 211,697	$ 317,009
Labour and health insurance fees	9,198	18,857	28,055	9,020	17,632	$ 26,652
Pension costs	4,306	8,827	13,133	4,435	9,005	$ 13,440
Directors' remuneration	-	12,568	12,568	-	9,428	$ 9,428
Other personnel expenses	4,165	14,340	18,505	3,949	16,697	$ 20,646
Depreciation Expense	15,952	16,693	32,645	15,336	13,568	$ 28,904
Amortisation Expense	710	4,836	5,546	330	6,618	$ 6,948

Note:

1. As at December 31, 2020 and 2019, the Company had 348 and 360 employees,including 5 and 5 non-employee directors, respectively.

2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1) Average employee benefit expense in current year was $1,100.
Average employee benefit expense in previous year was $1,064.

(2) Average employees salaries in current year was $926.
Average employees salaries in previous year was $893.

(3) Adjustments of average employees salaries was 4 %.

(4) The company has established an audit committee, so there is no supervisor's remuneration.

C SUN MFG. LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Statement 12

(5) The emolument of directors, president and vice president is paid by the Company. The emolument of the directors includes transportation allowance, the directors' remuneration distributed from earning, remuneration for the chairman and vice chairman who are concurrently CEO of the Company, vice CEO and the president of the Mainland subsidiaries and employees' bonus. The transportation allowance is paid by reference to the general pay levels in the industry and according to the directors' attendance at the Board of Directors' meetings. The emolument of president and vice president includes salary, bonus, employees compensation and employee stock options, etc. shall be determined by reference to the level of similar positions in the same industry, depending on the position they hold, the scope of service execution and the responsibilities they assumed. Employees' compensation and directors' and supervisors' remuneration distributed from earnings are in accordance with the Articles of Incorporation of the Company: the current year's earnings, if any, shall be distributed in a ratio of 1%~9% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors and supervisors' remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors.