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Nidec Chaun-Choung Technology Corporation
(Original: Chaun-Choung Technology Corporation)

2021 Annual Shareholders Meeting Handbook

(Translation Version)

Date of meeting : June, 22, 2021 (Tuesday), 9:00 a.m.

Place : No. 67, Section 1, GuangFu Road, Sanchong District, New Taipei City
(Jen Hour Restaurant, Conference Room)

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I. Meeting Agenda

Nidec Chaun-Choung Technology Corporation (Original: Chaun-Choung Technology Corporation) 2021 Annual Shareholders Meeting Agenda

Date of meeting: June, 22, 2021 (Tuesday), 9:00 a.m.

Place: No. 67, Section 1, GuangFu Road, Sanchong District, New Taipei City
(Jen Hour Restaurant, Conference Room)

Meeting Agenda:

I. Call the Meeting to Order (report on number of shareholders present).

II. Chairman’s Address

III. Report Items

(I) The 2020 Business Report.

(II) The 2020 Supervisor’s Review Report.

(III) Report on 2020 Employees’ profit sharing bonus and Directors as well as Supervisors’ compensation.

(IV) Report on the amendment of “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”.

IV. Proposed Resolutions

(I) The 2020 Business Report and Financial Statements for Recognition.

(II) The 2020 Earnings Distribution for Recognition.

V. Matters for Discussion

(I) Amendment of the Articles of Incorporation.

VI. Election Motions

(I) By-election of one supervisor of the Company.

VII. Extempore Motions

VIII. Meeting Adjourned

I. Report Items

Item No. 1:

Agenda: The 2020 Business Report of the Company.

Description: The 2020 Business Report of the Company, please refer to Annex I (pp.7-12).

Item No. 2:

Agenda: The 2020 Supervisor's Review Report.

Description: (I) The 2020 Business Report, Consolidated Financial Statements, Standalone Financial Statements and the 2020 Earnings Distribution have been reviewed by the Supervisor with the issuance of the Review Report.

(II) Supervisor's Review Report, please refer to Annex II (p.13)

Item No. 3:

Agenda: Report on 2020 Employees' profit sharing bonus and Directors as well as Supervisors' compensation.

Description:(I) Implemented in accordance with Article 20 of the Articles of Incorporation.

(II) The 2020 Employees' profit sharing bonus and Directors as well as Supervisors' compensation of the Company have been reviewed by the Remuneration Committee and passed by the Board on March 24, 2021. The amount of 2020 Employees' profit sharing bonus is NT\$28,847,335, the Directors and Supervisors' compensation is NT\$3,300,000, both of them will be fully paid in cash.

Item No. 4:

Agenda: Report on the amendment of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct".

Description: As dictated by operation needs and the newest announcement by R.O.C. Financial Supervisory Commission, NCCI has revised partial provisions of “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of the Company. The Comparison Table of the provisions for Before and After amendment is shown as Annex III and III-1 (pp.14-29).

II. Proposed Resolutions

Item No. 1:

(Proposed by the Board)

Agenda: The 2020 Business Report and Financial Statements of the Company for Recognition

Description: (I) The 2020 Business Report and Financial Statements of the Company have been passed by the Board. The Financial Statements have been audited by Hsin-Yi Kuo and Hui-Chih Ko, certified public accountants from KPMG Taiwan, with the issuance of Independent Auditors' Report on record. These statements and Independent Auditors' report have been reviewed by the Supervisor with the issuance of Review Report.

(II) The information on 2020 Business Report, Independent Auditors' Report and Financial Statements, please Refer to Annex I (pp.7-12), Annex IV and Annex V (pp.30-44).

(III) For recognition.

Resolution:

Item No. 2:

(Proposed by the Board)

Agenda: The 2020 Earnings Distribution of the Company for Recognition.

Description: (I) The Proposal for the 2020 Earnings Distribution of the Company has been passed by the Board and reviewed by the Supervisor. The 2020 Earnings Distribution Table, please Refer to Annex VI (p.45).

(II) The Board shall be authorized to set the Ex-dividend day when this motion is passed by the annual Shareholders Meeting. Where new shares may be offered for raising capital or the Company may repurchase outstanding shares being issued, and other factors, that may affect the total quantity of outstanding shares and the dividend rate is also affected. The Company requests the Shareholders Meeting to authorize the Board to make adjustment to the dividend rate and related matters.

(III) For recognition.

Resolution:

III. Matters for Discussion

Item No. 1:

(Proposed by the Board)

Agenda: Amendment of the "Articles of Incorporation" of the Company for discussion and resolution.

Description: (I) As dictated by operation needs, NCCI moves to revise the "Articles of Incorporation". The Comparison Table of the provisions for Before and After amendment, please refer to Annex VII (pp.46).

(II) For resolution.

Resolution:

IV. Election Motions

No.1:

(Proposed by the Board)

Agenda: By-election of one supervisor of the Company.

Description: (I) To comply with the requirement on the seat number of supervisors stipulated by the Articles of Incorporation and Article 216 of the Company Act, the by-election of one supervisor shall be conducted. The Candidates Nomination System is adopted. After the supervisor is elected, he/she shall immediately begin his/her service term from June 22, 2021 to January 28, 2022, which is the same as that of other supervisors of this term.

(II) The candidate of the supervisor who is nominated by the Board of the Company is as follows,

The Candidate of the Supervisor					
Name	Educational and Professional Qualifications	Main Experiences	Current Post	Number of Company shares held	The Name of Legal Person represented
Yen Chun-Yu	MA of Accounting, National Cheng-Chi University; CPA of R.O.C	The Assistant Officer of KPMG Taiwan, Senior Manager of Assistance & Consulting Group of Taiwan SMECF	Finance Director of Assistance & Consulting Group of Taiwan SMECF	54,916 shares	None

(III) Please proceed with the election.

Election Result:

V. Extempore Motions

VI. Meeting Adjourned

II. Annexes

[Annex I]

Nidec Chaun-Choung Technology Corporation

The 2020 Business Report

I. The 2020 Business Report

(I) The implementation results of the 2020 Business Plan

The Company generated consolidated net revenues totaling NT\$9,123,421 thousands in 2020, up 6% from the NT\$8,586,172 thousands in 2019. Pre-tax profit was concluded at NT\$1,076,963 thousands, up 11% from the NT\$967,857 thousands in 2019; net income amounted to NT\$782,398 thousands, representing an EPS of NT\$9.06 that were 12% higher than the previous year with net income NT\$701,534 and EPS of NT\$8.12. The function of High-end PC, game consoles and electronic products become more sophisticated and high performance, and the higher demand for heat cooling, the products with high power cooling drives the sustained growth of the Company.

The overview of heat cooling industry nowadays, as the related technology of Cloud, Artificial Intelligence (AI) and 5G has developed maturely gradually, the application of heat cooling products focused on personal devices related to PC industry has expanded to the fields of smart phones, Cloud Data Centers, IoT, automobiles, communications, information computing facilities as well as smart home appliances. The overall demand for heat cooling products and the market size have continued to grow quickly. In order to meet the diversified demands of the market, NCCI provides a wider array of cooling related products. The Company will continue to deepen the relationship of the existing customers and actively develop the heat cooling solutions in the fields of Handheld devices, Gaming consoles, high power air cooling systems as well as liquid cooling systems to satisfy the market demands. To invest the product development driven by related applications such as AI, IoT and 5G is the goal of the Company, in addition, comprehensively enhancing the connection with the key global regions / customers to strengthen the services for existing customers and develop new customers.

Besides well-known of cooling devices for the smart phones, laptops and servers have been getting lighter, slimmer and higher efficiency in performance. Nidec Chaun-Choung has successfully developed a number of cooling solutions for electronic products which are also in mass production in recent years, such as

Gaming NB with overclocking thermal modules, Action Cameras with slim and light heat sink components, high-density & High Performance Computing (HPC) workstation-grade server thermal modules and Advanced Driver Assistance Systems (ADAS) with liquid-cooling solutions. Further, the technology of the products with copper vapor chamber developed by Nidec Chaun-Choung, no matter is ultra-slim vapor chamber or high-performance vapor chamber, the technology is maturity and has been recognized by major cell phone and network communication customers around the world with successful launch into the market and mass production. Recently, based on this successful experience, Nidec Chaun-Choung is endeavouring towards the research and development of more stringent requirement cooling solutions, such as vehicle-mounted, electrical and electronic products, which require higher performance in cooling, stronger strength, lighter in weight. The usage of new materials will be based on the successfully developed copper production process, which will further extend to new equipment and new production technology. Refine key welding and vacuum technology to overcome the physical bottleneck of design and manufacturing for different materials. It is expected to achieve ultra-slim thickness of less than 0.3 mm and high performance with a pressure resistance of more than 300 pounds as a unique cooling solution for particular demands.

It is the third year after joining the Nidec Group, the Company has officially changed name as “Nidec Chaun-Choung Technology Corporation” in this January. We are striving for being the leader in comprehensive cooling solutions. Through technology support from our Japanese headquarter, the synergy has already yielded. Furthermore, the construction of the plant in Vietnam is expected to be completed in first half of this year. This will not only upgrade the overall production capacity of the whole group but also diversify the risk of concentration at only one production site. This will be favorable for the adjustment of the production line of the group to satisfy the demands and expectations of different customers. In terms of product strategy, the Company will continue exploring slimmer, smaller, more structurally robust and more heat cooling-efficient solutions in response to the trend of more diversified cooling applications. The Company will concentrate on the applications such as Artificial Intelligence (AI), Internet of Things (IoT), Cloud, 5G, High Performance Computing (HPC), smart home appliances and automobiles, with using air cooling and liquid cooling solutions to satisfy the market demands and expand the operational scale. As for the uncertainties are trade wars between major economies, risks of global security change, fluctuations in raw material prices, increased operation costs such as labor and product price competition. The Company will accelerate the optimization of

production process to improve production capacity and productivity, continue the innovation in technology, products and applications, with the suitable rearrangement of the production sites for assurance of core competence and synergy to surpass industry peers.

(II) Budget execution: according to the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, the Company is not required to disclose information regarding budget execution and analysis in 2020, as the Company did not release the information of financial forecasts in 2020.

(III) Revenue, Expenditure and profitability analysis

Currency unit: NTD thousands

Item		Year	2019	2020
Financial Income and Expenditure	Operating Revenue		8,586,172	9,123,421
	Gross Profit from Operation		1,858,195	1,982,682
	Net Profit		701,534	782,398
Profitability	Return on Assets (%)		9.91	9.80
	Return on Equity (%)		17.76	18.47
	Pre-tax Profit as a percentage of Paid-up Capital (%)		112.09	124.73
	Net profit rate (%)		8.17	8.57
	Basic Earnings per Share (NT\$)		8.12	9.06

(IV) Research and Development

1. Research and Development Expenses in the last two years

Currency unit: NTD thousands

Item		Year	2019	2020
R&D Expenses			343,725	327,933
As a Percentage of Current Year Revenue (%)			4.00	3.59

2. Research and Development Outcomes

- (1) Mobile devices - The new generation high-performance NCCI Gen2 VC bonding technology has been introduced to mass production.
- (2) Personal computers - The development of Intel Gen11 CPU (Tiger Lake/Rocket Lake Platform) solution was completed.
- (3) High-power servers - The development of the new generation Sapphire Rapids Platform solution was completed.

- (4) High-end game consoles - The development of the cooling solution was completed.

II. Summary of 2021 Business Plan

(I) Operational Guidelines

1. Integrate internal management systems of the Company, obtain timely information to improve the efficiency and quality of decisions making.
2. Combining the resources of Nidec to expand global competitiveness as well as vision and speed up future market expansion.
3. Continuously intensify the development of the supply chain and effectively control the flexibility of supply via VMI management.
4. Proactively establish good relationships with customers, satisfy various needs requesting by customers. Improve the timeliness of customer complaint handling, adopt corrective and preventive action and implement indeed.
5. Focus on market information gathering, including industry trends, financial information for decision making.
6. Make ongoing improvements for automation and production equipment, optimize the production efficiency, and enhance profitability.
7. Strengthen product innovation and R&D plans; collaborate with research institutions moderately to secure the sources of new and high-tech technologies in the medium and long term of the Company.
8. Carry out the optimization of various transformation, strengthen the intergration and management of information systems, simplify the operation process, install auxiliary tools to improve efficiency and enhance the output per capita.
9. Strengthen the supply chain and production of the factory in Vietnam for laying the growth foundation of new fields such as 5G and vehicles.

(II) Expected Sales Volume and Basis

The Company's main products include heat pipes, vapor chambers, thermal modules, and heat sinks. These products are mainly used in PCs, servers, network communications, and smart phones. In addition to stabling the existing market share of cooling components used in PCs, Servers and Network communicaitons, the company will actively explore potential customers of existing product lines and business development in new product applications in 2021.

(III) Important Production and Sales Policies

1. Production Policies: The industrial characteristics of heat cooling products are few standardization, frequent design changes and urgent orders. Therefore, the

Company enforces the strict inventory management, reducing inventory and increasing inventory turnover. In addition, the Company also invests extensively in automatic production equipment as a mean to reduce labor requirements, and actively explores ways to improve production quality, simplify production process, design common materials for cost reduction in order to offer more competitive price of products.

2. Sales Policies: In addition to expanding market shares in local and foreign markets, the Company will also gradually increase investment in vapor chamber production capacity depending on the market supply and demand situation. In addition, the Company will strengthenly develop overseas distribution channels, establish agency sales channels to further expand the international market exposure.

III. Future Development Strategies

- (I) Set short/medium/long term goals and visions.
- (II) Take actions toward accomplishing the prescribed goals and visions, and track performance on a regular basis for strategies flexible adjustments.
- (III) Close cooperation with Nidec to broaden the scope of product services and industry field developing, which will help obtain comparative advantages of each product lines among the industry peers.
- (IV) Enhance the quality and energy of R&D, and share the achievements and revenue growth performance with customers.
- (V) Speed up production capacity expansion to satisfy future market demand.
- (VI) Actively upgrade the automated production process to improve efficiency and get effective cost control.
- (VII) Make continuous improvements on product quality and achieve the goal of zero defects.
- (VIII) Continue to strengthen the industry's environmental protection policies, energy conservation, carbon emission, create a friendly environment as well as employment terms for the compliance with RBA (EICC) and the fulfillment of social responsibilities, to realize our vision of a low-carbon/carbon-free industry.

IV. Impacts of the Competitive Environment, Regulatory Environment, and the Overall Business Environment

The Company has been susceptible to impacts of external competition, regulations, and macroeconomic environment since it was first founded. Faced with market competition, new laws issued by the securities authority, foreign environmental protection regulations, and the rapid change of global operating environment, the Company's operating performance has been indeed affected. In response to the

above environmental changes, the Company will take actions to ensure the financial reports are prepared according to new securities laws and request all products produced by suppliers and the Company are compliant with foreign environmental protection regulations. Besides, the Company will endeavor to strengthen the integration of supply chain, enhance the percentage of self-manufacturing components, improve production processes, expand production capacity to make cost reduction, and timely grasp customers' order demands to enable proper planning of raw material purchases, and thereby improve overall competitiveness of the Company.

We give you

Our best regards for the future ahead

Chairman: Junichi Nagai

CEO: Junichi Nagai

Head of Accounting: Mei-Hua Chen

[Annex II]

Nidec Chaun-Choung Technology Corporation

Supervisor's Review Report

The Board of Directors has prepared the Business Report, Consolidated Financial Statements, Standalone Financial Statements and the Earnings Distribution in 2020. I have reviewed these reports and statements, which were appropriately done. I hereby issue this Review Report pursuant to Article 219 of the Company Act.

To

2021 Annual Shareholders Meeting of Nidec Chaun-Choung Technology Corporaiton

Supervisor: Isao Takahashi

March 24, 2021

[Annex III]

Nidec Chaun-Choung Technology Corporation
Comparison Table of Ethical Corporate Management Best
Practice Principles Before and After Amendment

Sequence Number	Provision after amendment	Provision currently in effect	Reason for amendment
Article 5	<p>(Policy)</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith <u>and obtain approval from the board of directors</u>, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>(Policy)</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>The amendment was made in compliance with 臺證治理字第 1080008378 號 函 issued by the Taiwan Stock Exchange Corporation (TWSE) on May 23, 2019. The Anti-bribery Management Policy shall be approved by the Board of Directors to enact the Ethical Corporate Management Policy with the adoption by the Board of Directors.</p>
Article 7	<p>(Scope of Prevention Programs)</p> <p>The Company <u>shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities</u> within their business scope which are at a higher risk of being involved in unethical conduct, <u>and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</u></p> <p>The said prevention programs, which shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 	<p>(Scope of Prevention Programs)</p> <p>The Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct and enhance relevant protection measures.</p> <p>The said prevention programs, which shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 	<p>The amendment was made to respond to regulations amendment in terms of organizations shall conduct a regular assessment on risk evaluations and evaluate the appropriateness and effectiveness of existing control and management methods. Assessment of bribery risk level and type shall also be established.</p>

Sequence Number	Provision after amendment	Provision currently in effect	Reason for amendment
	<p>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p> <p>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p> <p>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	
Article 8	<p>(Promise and Execution)</p> <p><u>The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>The Company and its respective business group shall clearly specify in their rules, external documents <u>and on the company website</u> the ethical corporate management policies and the commitment by the board of directors and <u>senior</u> management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and commercial activities.</p> <p><u>The Company shall compile</u></p>	<p>(Promise and Execution)</p> <p>The Company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and management on rigorous and thorough implementation of such policies and shall carry out the policies in internal management and commercial activities.</p>	<p>1. This amendment was made in compliance with rules and regulations by adding the first paragraph that the Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy. Hence, the employment contract shall include and emphasize ethical management policy.</p> <p>2. The original first</p>

Sequence Number	Provision after amendment	Provision currently in effect	Reason for amendment
	<p><u>documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>		<p>paragraph before the amendment was now moved to the second paragraph and in compliance with rules and regulations to add the Company website clearly states its ethical management policy as well as the promises made by the Board of Directors and senior management to actively implement ethical management policy.</p> <p>3. The third paragraph was added to enact relevant policies, processes, and implementation regarding enterprise anti-bribery management mechanism. Relevant documented information shall be compiled and properly retained.</p>
Article 17	<p>(Organization and Responsibility) The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management</p>	<p>(Organization and Responsibility) The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management</p>	<p>This amendment was made in compliance with rules and regulations to avail the designated unit responsible for anti-bribery of adequate resources and the staff itself with competent personnel. The dedicated unit shall report to the board of directors at least once a</p>

Sequence Number	Provision after amendment	Provision currently in effect	Reason for amendment
	<p>policies.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors <u>and avail itself of adequate resources and the staff itself with competent personnel,</u> responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis <u>(at least once a year):</u></p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. <u>Analyzing and assessing regularly the risk of involvement in unethical conduct within the business scope,</u> adopting <u>accordingly</u> programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. 3. Planning the internal organization, structure, and 	<p>policies.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct, and set out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. 3. Planning the internal organization, structure, and 	<p>year as well as adding to its main duties including regular analyses and assessment of unethical conduct risks within the business scope of the Company. Relevant wordings were adjusted and modified.</p>

Sequence Number	Provision after amendment	Provision currently in effect	Reason for amendment
	<p>allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken to implement ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken to implement ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
Article 20	<p>(Accounting and Internal Control)</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall, <u>based on the results of assessment of the risk</u></p>	<p>(Accounting and Internal Control)</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall regularly audit the compliance with the prevention</p>	<p>1. This amendment was made in compliance with rules and regulations to devise relevant audit plans including auditees, audit scope, audit items, audit frequency; standard and method of each audit; operations of audit according to risk operations; parties to be audited according to risks; and the compliance</p>

Sequence Number	Provision after amendment	Provision currently in effect	Reason for amendment
	<p><u>of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, and so on and examine accordingly</u> the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit and may engage professionals to assist if necessary.</p> <p><u>The results of the examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>programs. The internal audit unit may engage a certified public accountant to carry out the audit and may engage professionals to assist if necessary.</p>	<p>of the prevention programs.</p> <p>2. The third paragraph was added to ensure that audit result is reported to managers of the anti-bribery management system, senior management, and the board of directors. Additionally, in consideration of the structure, wordings of the second paragraph, “compiling an audit report and submitting to the board of directors.” and the report procedures after audit conducted by the internal audit unit were added to the third paragraph.</p>
Article 23	<p>(Report System)</p> <p>The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the Company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle- 	<p>(Report System)</p> <p>The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the Company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle- 	<ol style="list-style-type: none"> 1. This amendment was made in compliance with rules and regulations to adopt appropriate follow-up measures after completion of anti-bribery incidents by the Company by adding Subparagraph 3 of Paragraph 1 of this Article. The existing Subparagraph 3 to 6 of Paragraph 1 were moved to Subparagraph 4 to 7 of Paragraph 1. For

Sequence Number	Provision after amendment	Provision currently in effect	Reason for amendment
	<p>blowing system. Any tip involving a director or senior <u>management</u> shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p><u>3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p><u>4.</u> Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p><u>5.</u> Confidentiality of the identity of whistle-blowers and the content of reported cases, <u>and an undertaking regarding anonymous reporting.</u></p> <p><u>6.</u> Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p><u>7.</u> Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a</p>	<p>blowing system. Any tip involving a director or senior supervisors shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.</p>	<p>consistency, wordings of Subparagraph 2 of Paragraph 1 of this Article were modified.</p> <p>2. In compliance with rules and regulations, an undertaking regarding anonymous reporting is added by putting contents to Subparagraph 5 (after moved) of Paragraph 1 of this Article.</p>

Sequence Number	Provision after amendment	Provision currently in effect	Reason for amendment
	report and notify the independent directors or supervisors in written form.		
Article 27	<p>(Implementation)</p> <p>The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p>If the company has established an audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</p>	<p>(Implementation)</p> <p>The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>If there are independent directors,—When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p>If the company has established an audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</p>	<p>In consideration of all TWSE/GTSM listed companies have already established independent directors, wordings of second paragraph were modified to reflect the practical operations.</p>

[Annex III-1]

Nidec Chaun-Choung Technology Corporation
Comparison Table of Procedures for Ethical Management and
Guidelines for Conduct Before and After Amendment

Sequence	Provision after amendment	Current provision in effect	Reason for amendment
Article 5	<p>The Company shall designate the <u>Administration Department</u> as the solely responsible unit (hereinafter referred to as the "responsible unit") under the board of directors <u>and provide it with sufficient resources and competent personnel</u> to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports <u>(at least once a year)</u> to the board of directors:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. <u>2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly</u> adopting programs to prevent unethical conduct <u>and</u> setting out in each program the standard operating procedures and conduct guidelines with respect 	<p>The Company shall designate the Audit Office as the solely responsible unit (hereinafter referred to as the "responsible unit") under the board of directors to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct, setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. 	<ol style="list-style-type: none"> 1. The amendment was made in compliance with 臺證治理字第 1090002299 號 函 issued by the Taiwan Stock Exchange Corporation (TWSE) on February 13, 2020. To comply with Article 17 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the Company shall provide the responsible unit with sufficient resources and competent personnel, and the unit shall report to the board of directors on the basis at least once a year. 2. The responsible unit in charge of the “Ethical Corporate Management Principles” was changed from the Audit Office to the Administration Department. 3. To comply with Article 17 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM

Sequence	Provision after amendment	Current provision in effect	Reason for amendment
	<p>to the Company's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken to implement ethical management are effectively operate, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p><u>7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement, and so on.</u></p>	<p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken to implement ethical management are effectively operate, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>Listed Companies”, the responsible unit shall be in charge of regularly analyzing and assessing the risks of unethical conduct within the business scope and amend the existing second paragraph.</p> <p>4. To comply with Article 8 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the information of ethical management policy, statement, promise and execution shall be documented and properly retained and the seven paragraph was added.</p>
Article 11	When a director, supervisor, officer or other stakeholders of the Company attending or present at a board meeting, or the juristic person represented thereby, has a	When a director, supervisor, officer or other stakeholders of the Company attending or present at a board meeting, or the juristic person represented thereby, has a	1. To comply with Article 16-1 of the Regulations Governing Procedure for Board of Directors Meetings

Sequence	Provision after amendment	Current provision in effect	Reason for amendment
	<p>stake <u>in a matter</u> under discussion in the meeting, that director, supervisor, officer or stakeholders shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as a proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>If in the course of conducting Company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the</p>	<p>stake under discussion in the meeting, that director, supervisor, officer or stakeholders shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as a proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting Company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.</p>	<p>of Public Companies, some wordings of first paragraph of this article was amended.</p> <p>2. To comply with Article 206-3 of the Company Act, the second paragraph of this article was added by regulating where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting, such director shall be deemed to have a personal interest in the matter.</p> <p>3. The existing second paragraph was moved to the third paragraph without modification.</p> <p>4. The existing third paragraph was moved to the fourth paragraph without modification.</p>

Sequence	Provision after amendment	Current provision in effect	Reason for amendment
	<p>responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.</p>		
Article 14	<p>The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>The Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</p> <p>Where there are media reports, or sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, as soon as possible, recall</p>	<p>The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>The Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</p> <p>Where there are media reports, or sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall recall those products or</p>	<p>Wordings were slightly amended.</p>

Sequence	Provision after amendment	Current provision in effect	Reason for amendment
	<p>those products or suspend the services, verify the facts and present a review and improvement plan.</p> <p>The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.</p>	<p>suspend the services, verify the facts and present a review and improvement plan.</p> <p>The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.</p>	
Article 16	<p><u>The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>The Company shall disclose its policy of ethical management in its internal rules, <u>annual reports</u>, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and <u>investor press conferences</u>, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>This Company shall disclose its policy of ethical management in its internal rules, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<ol style="list-style-type: none"> 1. To comply with Article 8 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed Companies”, the TWSE/GTSM companies shall request members of the board of directors and senior management to issue a statement for observing the ethical corporate management policy and employees shall be requested to follow the said policy as the employment condition and therefore, the first paragraph of this article was added. 2. The exiting contents were moved to the second paragraph, and according to rules and regulations, some wordings were amended.

Sequence	Provision after amendment	Current provision in effect	Reason for amendment
Article 21	<p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant a reward or a merit point depending on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall at least furnish the following information:</p> <ol style="list-style-type: none"> 1. The whistleblower's name and I.D. number, <u>the whistleblowing reports may be submitted anonymously,</u> and an address, telephone number and e-mail address where it can be reached. 2. The informed party's name or other information sufficient to distinguish its identifying features. 3. Specific facts available for investigation. <p>Personnel of the Company handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper</p>	<p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant a reward or a merit point depending on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall at least furnish the following information:</p> <ol style="list-style-type: none"> 1. The whistleblower's name and I.D. number and an address, telephone number and e-mail address where it can be reached. 2. The informed party's name or other information sufficient to distinguish its identifying features. 3. Specific facts available for investigation. <p>Personnel of the Company handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.</p> <p>The responsible unit of the</p>	<p>To comply with Article 23 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed Companies”, the whistleblowing reports may be submitted anonymously and proper follow-up actions shall be taken after an investigation regarding violation reports are completed. Hence, some wordings in subparagraph 1 of paragraph 2, paragraph 4 and subparagraph 3 of paragraph 4 were amended.</p>

Sequence	Provision after amendment	Current provision in effect	Reason for amendment
	<p>treatment due to their whistleblowing.</p> <p>The responsible unit of the Comapny shall observe the following procedure in handling <u>whistleblowing matters:</u></p> <ol style="list-style-type: none"> 1. The information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive. 2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related departments. 3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to <u>the competent authority, refer the said person to judicial authority for investigation, or</u> institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. 4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five 	<p>Comapny shall observe the following procedure in handling:</p> <ol style="list-style-type: none"> 1. The information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive. 2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related departments. 3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report according to institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. 4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a 	

Sequence	Provision after amendment	Current provision in effect	Reason for amendment
	<p>years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p> <p>5. With respect to a confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>	<p>suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p> <p>5. With respect to a confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>	

[Annex IV] 2020 Independent Auditors' Report and Consolidated Financial Statements



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安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION:

Opinion

We have audited the consolidated financial statements of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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



1. Revenue recognition

Please refer to note 4(p) “Revenue recognition” for accounting policy related to revenue recognition, and note 6(m) “Revenue from contracts with customers” for disclosure information about revenue recognition of the consolidated financial statements.

Description of key audit matter:

The main revenue of the Group comes from the researching, development, production, and sale of thermal components in the computer and related industries. Since products are highly customized, the revenue recognition is concerned by the users or receiver of the financial statements, the test for revenue recognition is a highly concerned matter when we comply the audit procedure for the financial statements of the Group.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining the list of top-ten customers and newly-added customers for the current year to analyze whether there is an unusual situation or not, inspecting of significant new contracts and understanding terms and conditions to assess whether there are any significant abnormalities, assessing the appropriateness of accounting policies for revenue recognition (including sales returns and discounts), testing the effectiveness of the design and the implementation of internal controls of sales and performing the sales cut-off test on the period before and after the balance sheet date, to ensure sales are recognized in the appropriate accounting period.

Other Matter

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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 IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the independent directors or supervisors) are responsible for overseeing the Group’s financial reporting process.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Yi Kuo and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2021

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION (ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019			Liabilities and equity	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (notes 6(a)(p))	\$ 1,774,664	20	1,470,714	20	2100	Short-term borrowings from related parties (notes 6(h)(p) and 7)	\$ 313,280	4	-	-
1150 Notes receivable, net (notes 6(c)(m)(p))	6,326	-	5,006	-	2170	Accounts payable (note 6(p))	2,404,236	28	1,990,907	28
1170 Accounts receivable, net (notes 6(c)(m)(p))	2,463,865	28	2,670,764	37	2181	Accounts payable to related parties (notes 6(p) and 7)	130,217	1	-	-
1180 Accounts receivable due from related parties, net (notes 6(c)(m)(p) and 7)	763,461	9	156,816	2	2200	Other payables (notes 6(p) and 7)	654,752	7	598,449	8
1200 Other receivables (note 6(p))	61,692	1	2,041	-	2220	Other payables to related parties (notes 6(p) and 7)	8,698	-	39,098	1
1210 Other receivables due from related parties (notes 6(p) and 7)	135	-	-	-	2250	Current provisions	1,861	-	2,387	-
130X Inventories (note 6(d))	1,204,367	14	997,904	14	2280	Current lease liabilities (note 6(p))	17,591	-	8,712	-
1410 Prepayments	84,926	1	30,557	-	2300	Other current liabilities	92,991	1	98,330	1
1470 Other current assets	49,383	1	63,432	1		Total current liabilities	3,623,626	41	2,737,883	38
Total current assets	6,408,819	74	5,397,234	74		Non-current liabilities:				
Non-current assets:					2570	Deferred income tax liabilities (note 6(j))	621,120	7	459,516	6
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(b)(p))	27,983	-	72,709	1	2580	Non-current lease liabilities (notes 6(p))	49,625	1	7,463	-
1600 Property, plant and equipment (notes 6(e) and 8)	1,900,669	22	1,498,159	21	2640	Net defined benefit liability, non-current (note 6(i))	3,452	-	1,236	-
1755 Right-of-use assets (note 6(f))	245,673	3	110,873	1	2645	Guarantee deposits received	920	-	1,819	-
1760 Investment property, net (notes 6(g) and 8)	-	-	57,806	1		Total non-current liabilities	675,117	8	470,034	6
1780 Intangible assets	29,144	-	11,523	-		Total liabilities	4,298,743	49	3,207,917	44
1840 Deferred income tax assets (note 6(j))	55,714	1	115,428	2		Equity attributable to owners of parent (note 6(k)):				
1900 Other non-current assets	43,486	-	3,243	-	3100	Ordinary shares	863,434	10	863,434	12
Total non-current assets	2,302,669	26	1,869,741	26	3200	Capital surplus	531,823	6	531,823	7
						Retained earnings:				
					3310	Legal reserve	746,181	9	676,028	9
					3320	Special reserve	222,369	2	185,482	3
					3350	Unappropriated retained earnings (note 6(i))	2,276,029	26	2,024,660	28
						Total retained earnings	3,244,579	37	2,886,170	40
					3400	Other equity	(227,091)	(2)	(222,369)	(3)
						Total equity	4,412,745	51	4,059,058	56
Total assets	\$ 8,711,488	100	7,266,975	100		Total liabilities and equity	\$ 8,711,488	100	7,266,975	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
4000 Operating revenues (notes 6(m) and 7)	9,123,421	100	8,586,172	100
5000 Operating costs (notes 6(d)(e)(f)(i)(n) and 7)	<u>7,140,739</u>	<u>78</u>	<u>6,727,977</u>	<u>78</u>
Gross profit from operations	<u>1,982,682</u>	<u>22</u>	<u>1,858,195</u>	<u>22</u>
Operating expenses (notes 6(e)(f)(i)(n) and 7):				
6100 Selling expenses	233,828	2	230,177	3
6200 Administrative expenses	338,064	4	310,512	4
6300 Research and development expenses	327,933	4	343,725	4
6450 Impairment loss determined in accordance with IFRS 9 (note 6(c))	<u>181</u>	<u>-</u>	<u>485</u>	<u>-</u>
Total operating expenses	<u>900,006</u>	<u>10</u>	<u>884,899</u>	<u>11</u>
Net operating income	<u>1,082,676</u>	<u>12</u>	<u>973,296</u>	<u>11</u>
Non-operating income and expenses:				
7100 Interest income (note 6(o))	6,903	-	12,597	-
7010 Other income (notes 6(o) and 7)	60,074	1	39,102	1
7020 Other gains and losses, net (note 6(g)(o))	(71,648)	(1)	(56,238)	(1)
7050 Finance costs (notes 6(o) and 7)	<u>(1,042)</u>	<u>-</u>	<u>(900)</u>	<u>-</u>
Total non-operating income and expenses	<u>(5,713)</u>	<u>-</u>	<u>(5,439)</u>	<u>-</u>
7900 Income before income tax	1,076,963	12	967,857	11
7951 Less: Income tax expenses (note 6(j))	<u>294,565</u>	<u>3</u>	<u>266,323</u>	<u>3</u>
Profit	<u>782,398</u>	<u>9</u>	<u>701,534</u>	<u>8</u>
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss:				
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(44,726)	-	22,546	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that may not be reclassified subsequently to profit or loss	<u>(44,726)</u>	<u>-</u>	<u>22,546</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation	50,005	-	(124,916)	(1)
8391 Other components of other comprehensive income that will be reclassified to profit or loss	(4,371)	-	3,036	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>9,127</u>	<u>-</u>	<u>(24,376)</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>36,507</u>	<u>-</u>	<u>(97,504)</u>	<u>(1)</u>
8300 Other comprehensive income	<u>(8,219)</u>	<u>-</u>	<u>(74,958)</u>	<u>(1)</u>
Total comprehensive income	<u>\$ 774,179</u>	<u>9</u>	<u>\$ 626,576</u>	<u>7</u>
Basic earnings per share (note 6(l))				
Basic earnings per share (NT Dollars)	<u>\$ 9.06</u>		<u>\$ 8.12</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION (ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		Total	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements			Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance on January 1, 2019	\$ 863,434	531,823	616,467	130,906	1,881,148	2,628,521	(175,147)	(10,335)	(185,482)	3,838,296
Profit for the year ended December 31, 2019	-	-	-	-	701,534	701,534	-	-	-	701,534
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	2,429	2,429	(99,933)	22,546	(77,387)	(74,958)
Comprehensive income for the year ended December 31, 2019	-	-	-	-	703,963	703,963	(99,933)	22,546	(77,387)	626,576
Legal reserve	-	-	59,561	-	(59,561)	-	-	-	-	-
Special reserve	-	-	-	54,576	(54,576)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(405,814)	(405,814)	-	-	-	(405,814)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(40,500)	(40,500)	-	40,500	40,500	-
Balance on December 31, 2019	863,434	531,823	676,028	185,482	2,024,660	2,886,170	(275,080)	52,711	(222,369)	4,059,058
Profit for the year ended December 31, 2020	-	-	-	-	782,398	782,398	-	-	-	782,398
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(3,497)	(3,497)	40,004	(44,726)	(4,722)	(8,219)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	778,901	778,901	40,004	(44,726)	(4,722)	774,179
Legal reserve	-	-	70,153	-	(70,153)	-	-	-	-	-
Special reserve	-	-	-	36,887	(36,887)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(420,492)	(420,492)	-	-	-	(420,492)
Balance on December 31, 2020	\$ 863,434	531,823	746,181	222,369	2,276,029	3,244,579	(235,076)	7,985	(227,091)	4,412,745

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
 (ORIGINAL NAME : CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,076,963	967,857
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	255,372	159,537
Amortization expense	5,171	4,236
Expected credit loss	181	485
Interest expense	1,042	900
Interest revenue	(6,903)	(12,597)
Dividend income	(371)	(927)
(Gain) loss from disposal of property, plant and equipment	(1,587)	76,537
Property, plant and equipment transferred to expenses	799	420
Gain on disposal of investment properties	(90,619)	-
Unrealized foreign exchange loss	368	4,555
Loss from lease modifications	(151)	-
Total adjustments to reconcile profit	163,302	233,146
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(1,320)	36,039
Decrease (increase) in accounts receivable	206,720	(215,003)
Increase in accounts receivable due from related parties	(606,645)	(156,816)
(Increase) decrease in other receivables	(6,752)	5,216
(Increase) decrease in inventories	(206,418)	110,106
Increase in prepayments	(58,812)	(9,728)
Decrease in other current assets	14,049	100,857
Changes in operating liabilities:		
Increase in accounts payable	413,329	119,958
Increase in accounts payable to related parties	130,217	-
Increase in other payables	80,671	289,419
(Decrease) increase in other payable to related parties	(30,400)	39,097
(Decrease) increase in provisions	(526)	494
Decrease in other current liabilities	(5,339)	(272,549)
Decrease in net defined benefit liability	(2,156)	(699)
Total changes in operating assets and liabilities	(73,382)	46,391
Total adjustments	89,920	279,537
Cash inflow generated from operations	1,166,883	1,247,394
Interest received	6,903	12,978
Interest paid	(1,042)	(918)
Income taxes paid	(214,258)	(209,457)
Net cash flows from operating activities	958,486	1,049,997
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(648,864)	(425,674)
Proceeds from disposal of property, plant and equipment	18,627	2,425
(Increase) decrease in refundable deposits	(40,243)	3,182
Acquisition of intangible assets	(15,811)	(2,871)
Acquisition of right-of-use assets	(85,959)	-
Proceeds from disposal of investment properties	147,913	-
Dividends received	927	1,091
Net cash flows used in investing activities	(623,410)	(421,847)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	313,280	(100,000)
Decrease in guarantee deposits received	(899)	(220)
Payments of lease liabilities	(9,371)	(7,358)
Cash dividends paid	(420,492)	(405,814)
Net cash flows used in financing activities	(117,482)	(513,392)
Effect of exchange rate changes on cash and cash equivalents	86,356	(99,578)
Net increase in cash and cash equivalents	303,950	15,180
Cash and cash equivalents at beginning of period	1,470,714	1,455,534
Cash and cash equivalents at end of period	\$ 1,774,664	1,470,714

See accompanying notes to consolidated financial statements.

[Annex V] 2020 Independent Auditors' Report and Standalone Financial Statements



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安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION:

Opinion

We have audited the financial statements of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION ("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits of the financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(p) "Revenue recognition" for accounting policy related to revenue recognition, and note 6(n) "Revenue from contracts with customers" for disclosure information about revenue recognition of the financial statements.

Description of key audit matter:

The main revenue of the Company comes from the researching, development, production, and sale of thermal components in the computer and related industries. Since products are highly customized, the revenue recognition is concerned by the users or receiver of the financial statements, the test for revenue recognition is a highly concerned matter when we comply the audit procedure for the financial statements of the Company.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining the list of top-ten customers and newly-added customers for the current year to analyze whether there is an unusual situation or not, inspecting of significant new contracts and understanding terms and conditions to assess whether there are any significant abnormalities, assessing the appropriateness of accounting policies for revenue recognition (including sales returns and discounts), testing the effectiveness of the design and the implementation of internal controls of sales and performing the sales cut-off test on the period before and after the balance sheet date, to ensure sales are recognized in the appropriate accounting period.

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

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

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

Those charged with governance (including the independent directors or supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Yi Kuo and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2021

Notes to Readers

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

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
 (Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	December 31, 2020		December 31, 2019			December 31, 2020		December 31, 2019	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (notes 6(a)(q))	\$ 546,497	7	447,160	7	2100 Short-term borrowings from related parties (notes 6(i)(q) and 7)	\$ 313,280	4	-	-
1150 Notes receivable, net (notes 6(c)(n)(q))	-	-	1,033	-	2170 Accounts payable (note 6(q))	662,319	8	811,979	11
1170 Accounts receivable, net (notes 6(c)(n)(q))	1,416,011	17	1,765,262	25	2180 Accounts payable to related parties (notes 6(q) and 7)	2,073,048	25	1,389,422	20
1181 Accounts receivable due from related parties, net (notes 6(c)(n)(q) and 7)	656,807	8	25,443	-	2200 Other payables (note 6(q))	234,018	3	276,253	4
1200 Other receivables (notes 6(d)(q))	8,464	-	8,627	-	2220 Other payables to related parties (notes 6(q) and 7)	10,919	-	6,475	-
1210 Other receivables due from related parties (notes 6(d)(q) and 7)	431,366	5	351,675	5	2250 Current provisions (note 6(q))	739	-	1,292	-
130X Inventories (note 6(e))	585,610	7	658,346	9	2280 Current lease liabilities	17,348	-	7,989	-
1410 Prepayments	5,528	-	5,835	-	2300 Other current liabilities	34,614	-	38,052	1
1470 Other current assets	26,208	-	2,579	-	Total current liabilities	3,346,285	40	2,531,462	36
Total current assets	3,676,491	44	3,265,960	46	Non-current liabilities:				
Non-current assets:					2570 Deferred tax liabilities (note 6(k))	565,786	7	459,516	6
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(b)(q))	27,983	-	72,709	1	2580 Non-current lease liabilities (note 6(q))	48,688	-	3,678	-
1550 Investments accounted for using equity method (note 6(f))	4,070,704	49	3,118,771	44	2640 Net defined benefit liability, non-current (note 6(j))	3,452	-	1,236	-
1600 Property, plant and equipment (notes 6(g) and 8)	421,011	5	445,770	7	2645 Guarantee deposits received	-	-	734	-
1755 Right-of-use assets	66,079	1	11,634	-	Total non-current liabilities	617,926	7	465,164	6
1760 Investment property, net (note 6(h) and 8)	-	-	57,806	1	Total liabilities	3,964,211	47	2,996,626	42
1780 Intangible assets	21,128	-	4,453	-	Equity (note 6(l)):				
1840 Deferred tax assets (note 6(k))	52,509	1	77,495	1	3100 Ordinary shares	863,434	10	863,434	12
1900 Other non-current assets	41,051	-	1,086	-	3200 Capital surplus	531,823	6	531,823	7
Total non-current assets	4,700,465	56	3,789,724	54	Retained earnings:				
					3310 Legal reserve	746,181	9	676,028	10
					3320 Special reserve	222,369	3	185,482	3
					3350 Unappropriated retained earnings (note 6(j))	2,276,029	27	2,024,660	29
					Total retained earnings	3,244,579	39	2,886,170	42
					3400 Other equity	(227,091)	(2)	(222,369)	(3)
					Total equity	4,412,745	53	4,059,058	58
Total assets	\$ 8,376,956	100	7,055,684	100	Total liabilities and equity	\$ 8,376,956	100	7,055,684	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
4000 Operating revenues (notes 6(n) and 7)	\$ 6,073,490	100	6,308,832	100
5000 Operating costs (notes 6(e)(g)(j)(o) and 7)	5,463,870	90	5,595,000	89
Gross profit from operations	609,620	10	713,832	11
Operating expenses (notes 6(g)(j)(o) and 7):				
6100 Selling expenses	108,225	2	127,323	2
6200 Administrative expenses	123,538	2	125,382	2
6300 Research and development expenses	222,328	3	204,851	3
6450 Impairment loss determined in accordance with IFRS 9 (note 6(c))	181	-	37	-
Total operating expenses	454,272	7	457,593	7
Net operating income	155,348	3	256,239	4
Non-operating income and expenses:				
7100 Interest income (note 6(p) and 7)	944	-	4,021	-
7010 Other income (notes 6(p) and 7)	108,453	1	213,388	3
7020 Other gains and losses, net (note 6(h)(p))	108,811	2	(7,158)	-
7050 Finance costs (notes 6(p) and 7)	(916)	-	(494)	-
7070 Share of profit of subsidiaries accounted for using equity method, net	555,278	9	402,879	7
Total non-operating income and expenses	772,570	12	612,636	10
7900 Profit before income tax	927,918	15	868,875	14
7950 Less: Income tax expenses (note 6(k))	145,520	2	167,341	3
Profit	782,398	13	701,534	11
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(44,726)	(1)	22,546	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income that will not be reclassified to profit or loss	(44,726)	(1)	22,546	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation	50,005	1	(124,916)	(2)
8391 Other components of other comprehensive income that will be reclassified to profit or loss	(4,371)	-	3,036	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	9,127	-	(24,376)	(1)
Total components of other comprehensive income that will be reclassified to profit or loss	36,507	1	(97,504)	(1)
8300 Other comprehensive income	(8,219)	-	(74,958)	(1)
Total comprehensive income	\$ 774,179	13	626,576	10
Basic earnings per share (note 6(m))				
Basic earnings per share (NT Dollars)	\$ 9.06		8.12	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
 (Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statements of Changes in Equity
 For the years ended December 31, 2020 and 2019
 (Expressed in Thousands of New Taiwan Dollar)

	Retained earnings						Other equity			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	
Balance on January 1, 2019	\$ 863,434	531,823	616,467	130,906	1,881,148	2,628,521	(175,147)	(10,335)	(185,482)	3,838,296
Profit for the year ended December 31, 2019	-	-	-	-	701,534	701,534	-	-	-	701,534
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	2,429	2,429	(99,933)	22,546	(77,387)	(74,958)
Comprehensive income for the year ended December 31, 2019	-	-	-	-	703,963	703,963	(99,933)	22,546	(77,387)	626,576
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	59,561	-	(59,561)	-	-	-	-	-
Special reserve	-	-	-	54,576	(54,576)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(405,814)	(405,814)	-	-	-	(405,814)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(40,500)	(40,500)	-	40,500	40,500	-
Balance on December 31, 2019	863,434	531,823	676,028	185,482	2,024,660	2,886,170	(275,080)	52,711	(222,369)	4,059,058
Profit for the year ended December 31, 2020	-	-	-	-	782,398	782,398	-	-	-	782,398
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(3,497)	(3,497)	40,004	(44,726)	(4,722)	(8,219)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	778,901	778,901	40,004	(44,726)	(4,722)	774,179
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	70,153	-	(70,153)	-	-	-	-	-
Special reserve	-	-	-	36,887	(36,887)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(420,492)	(420,492)	-	-	-	(420,492)
Balance on December 31, 2020	\$ 863,434	531,823	746,181	222,369	2,276,029	3,244,579	(235,076)	7,985	(227,091)	4,412,745

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name : CHAUN-CHOUNG TECHNOLOGY CORPORATION)

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 927,918	868,875
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	82,970	62,550
Amortization expense	2,346	2,057
Expected credit loss	181	37
Interest expense	916	494
Interest income	(944)	(4,021)
Dividend income	(371)	(927)
Share of profit of subsidiaries, accounted for using equity method	(555,278)	(402,879)
Loss on disposal of property, plant and equipment	6,905	11,054
Property, plant and equipment transferred to expenses	2,443	-
Gain on disposal of investment properties	(90,619)	-
Unrealized gain on transactions with affiliates	(48,103)	(32,390)
Unrealized foreign exchange loss	368	4,555
Loss from lease modifications	(15)	-
Total adjustments to reconcile profit	(599,201)	(359,470)
Changes in operating assets and liabilities:		
Decrease in notes receivable	1,033	471
Decrease (increase) in accounts receivable	349,070	(72,119)
Increase in accounts receivable due from related parties	(631,364)	(10,780)
Increase in other receivables	(393)	(2,468)
(Increase) decrease in other receivable due from related parties	(79,691)	92,953
Decrease in inventories	72,736	44,472
Increase in prepayments	(3,953)	(3,546)
Increase in other current assets	(23,649)	(1,265)
(Decrease) increase in accounts payable	(149,660)	14,270
Increase (decrease) in accounts payable to related parties	683,626	(89,278)
(Decrease) increase in other payables	(38,318)	48,571
Increase in other payable to related parties	4,444	3,917
Decrease in provisions	(553)	(384)
Decrease in other current liabilities	(3,438)	(5,784)
Decrease in net defined benefit liability	(2,156)	(698)
Total changes in operating assets and liabilities	177,734	18,332
Total adjustments	(421,467)	(341,138)
Cash inflow generated from operations	506,451	527,737
Interest received	944	4,402
Interest paid	(916)	(512)
Income taxes paid	(27,307)	(98,027)
Net cash flows from operating activities	479,172	433,600
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(299,343)	-
Acquisition of property, plant and equipment	(67,053)	(112,484)
Proceeds from disposal of property, plant and equipment	8,660	991
Increase in refundable deposits	(39,965)	(1,086)
Acquisition of intangible assets	(13,740)	(1,065)
Proceeds from disposal of investment properties	147,913	-
Dividends received	927	1,091
Net cash flows used in investing activities	(262,601)	(112,553)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	313,280	(100,000)
Decrease in guarantee deposits	(734)	-
Payment of lease liabilities	(8,920)	(6,691)
Cash dividends paid	(420,492)	(405,814)
Net cash flows used in financing activities	(116,866)	(512,505)
Effect of exchange rate changes on cash and cash equivalents	(368)	(4,555)
Net increase (decrease) in cash and cash equivalents	99,337	(196,013)
Cash and cash equivalents at beginning of period	447,160	643,173
Cash and cash equivalents at end of period	\$ 546,497	447,160

See accompanying notes to parent company only financial statements.

[Annex VI]

Nidec Chaun-Choung Technology Corporation
2020 Earnings Distribution Table

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of period	1,497,128,097
Add: adjustment of other comprehensive incomes	
Actuarial profit or loss changes in current period	(3,496,355)
Disposal of equity instruments at fair value through other comprehensive incomes	0
After tax profit in current period	782,397,649
Distributable Earnings	2,276,029,391
Less: appropriation of 10% as legal reserve	77,890,129
Appropriation of special reserve	0
Appropriation of special reserve for the deduction of equity	4,722,338
Items for distribution	
Less: Cash dividends (NT\$1.36/share)	117,427,019
Stock dividends	0
Undistributed Earnings at the ending of the period	2,075,989,905

Note 1 : The earnings distribution of the current period is allotted from the profit of fiscal year 2020.

Note 2 : Cash dividends will be paid in proportion to each shareholding and calculated until NTD Yuan. The figures following NTD Yuan will be rounded off. The distribution amount which is less than NTD Yuan will be aggregated and recognized as non-operating income of the Company.

Chairman: Junichi Nagai

CEO: Junichi Nagai

Head of Accounting: Mei-Hua Chen

[Annex VII]

Nidec Chaun-Choung Technology Corporation
Comparison Table of the provisions for the Articles of Incorporation
Before and After Amendment

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
Article 8	<u>The entries in the shareholders' roster shall not be altered</u> within 60 days prior to the convening date of a regular shareholders meeting, or within 30 days prior to the convening date of a special shareholders meeting, or within 5 days prior to the target date for distribution of dividends, bonus or other benefits.	Shares transfer is prohibited within 60 days prior to the convening date of a regular shareholders meeting, or within 30 days prior to the convening date of a special shareholders meeting, or within 5 days prior to the target date for distribution of dividends, bonus or other benefits.	The amendment was made based on laws and regulations to make the meanings more clear.
Article 9	The Shareholders Meeting may convene in regular session and special session. A Regular session will be held once every year and shall be convened within six months after close of each fiscal year. A Special session will be held at any time when necessary.	The Shareholders Meeting may convene in regular session and special session. A Regular session will be convened once every year and shall be convened within six months after close of each fiscal year. A Special session will be held at any time when necessary.	The amendment was made based on laws and regulations to make the meanings more clear.
Article 13	The Company shall have 5 to 13 Directors and 2 to 3 Supervisors. They shall be elected by the shareholders meeting from among the persons with disposing capacity. Each shall have tenure of 3 years and may assume a new term of office if re-elected. The election of Independent Directors and Directors will be held simultaneously, but in separately calculated numbers. (the following is skipped)	The Company shall have 5 to 9 Directors and 2 to 3 Supervisors. They shall be elected by the shareholders meeting from among the persons with disposing capacity. Each shall have tenure of 3 years and may assume a new term of office if re-elected. The election of Independent Directors and Directors will be held simultaneously, but in separately calculated numbers. (the following is skipped)	In consideration of operation needs, adjust the upper limit of total seat number of directors.
Article 14	The Directors shall be organized into the Board of Directors and the Chairman shall be elected among the Directors with the presence of at least 2/3 of the Directors and approved by a simple majority of the Board. <u>It may also elect in the same manner</u>	The Directors shall be organized into the Board of Directors and the Chairman, Vice Chairman shall be elected among the Directors with the presence of at least 2/3 of the Directors and approved by a simple majority of the Board. The Chairman	Adjust the requirements for the establishment of the vice chairman to meet the Company's current situation as

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
	<p><u>a vice chairman of the board.</u> The Chairman shall externally act on behalf of the Company. (the following is skipped)</p>	<p>shall externally act on behalf of the Company. (the following is skipped)</p>	<p>well as increase the flexibility in practical operations.</p>
<p>Article 22</p>	<p>(above skipped) Amended for the 32nd version on June 22nd, 2020. Amended for the 33rd version on December 9th, 2020. <u>Amended for the 34th version on June 22nd, 2021.</u></p>	<p>(above skipped) Amended for the 32nd version on June 22nd, 2020. Amended for the 33rd version on December 9th, 2020.</p>	<p>Addition of the date of amendment in line with the amendment of the provision in part.</p>

III. Appendices

[Appendix I]

Nidec Chaun-Choung Technology Corporation Articles of Incorporation (Before amendment)

Passed by the Extraordinary Shareholders Meeting
on December 9th ,2020

Chapter I General Provisions

Article 1: The Company is duly incorporated in accordance with the Company Act and bears the name of 尼得科超眾科技股份有限公司. The name in English is NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION.

Article 2: The Company is engaged in the following business:

- I. C805050 Industrial plastic products manufacturing.
- II. C805070 Tempered plastic products manufacturing.
- III. C805990 Other plastic products manufacturing.
- IV. C901020 Glass and glass products manufacturing.
- V. CA02010 Metallic structures and constructions components manufacturing.
- VI. CB01990 Other machine manufacturing.
- VII. CC01030 Electric appliances and audiovisual electronic products manufacturing.
- VIII. CC01080 Electronic components manufacturing.
- IX. CC01990 Other electrical and electronic machine manufacturing (heat conducting tubes, heat sink, thermal radiation and conduction equipment).
- X. CD01030 Automotive and parts manufacturing.
- XI. CH01040 Toy manufacturing.
- XII. CQ01010 Mold manufacturing.
- XIII. F113010 Wholesale of machines.
- XIV. F113020 Wholesale of electrical appliances.
- XV. F114030 Wholesale of automotive, motorcycle parts and equipment.
- XVI. F119010 Wholesale of Electronic Materials.
- XVII. F219010 Retail of Electronic Materials.
- XVIII. CA02990 Other metallic products manufacturing.
- XIX. CB01010 Machine and equipment manufacturing.
- XX. CD01040 Motorcycles and parts manufacturing.

XXI. F401010 International trade.

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

Article 2-1: The Company may undertake guarantees for others.

Article 3: The Company is headquartered in New Taipei City and may establish branches in Taiwan and other countries in accordance with the resolutions of the Board where necessary.

Article 4: The Company may make investments as necessary of the business. Acting as a limited liability shareholder of other companies in accordance with the resolutions of the Board. The total amount of investments may not be subject to the restrictions on the amount of investment prescribed by Article 13 of the Company Act.

Article 4-1: (Deleted)

Chapter II Shares

Article 5: The Company has stated total capital of NT\$1,200,000,000 evenly split up into 120,000,000 shares, all of which are common shares with NT\$10 per share. Regarding the unissued shares, the Board is authorized to issue the shares in tranches. Of all these shares, 500,000 will be reserved for stock options, preferred shares with warrants or corporate bonds with warrants which are exercised the options.

Article 6: (Deleted)

Article 7: The Company issues registered shares and is not required to print physical share certificates and shall contact Taiwan Depository and Clearing Corporation for registration and custody. The same procedure is applicable to the offering of other securities.

Article 7-1: The Company shall handle stock affairs in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent securities authorities.

Article 8: Shares transfer is prohibited within 60 days prior to the convening date of a regular shareholders meeting, or within 30 days prior to the convening date of a special shareholders meeting, or within 5 days prior to the target date for distribution of dividends, bonus or other benefits.

Chapter III Shareholders’ Meeting

Article 9: The Shareholders Meeting may convene in regular session and special session. A Regular session will be convened once every year and shall be convened within six months after close of each fiscal year. A Special session will be held at any time when necessary.

Article 10: If a specific shareholder cannot attend Shareholders’ Meeting in person, such shareholder may use the power of attorney prepared by the Company and

specify the scope of authorization to appoint a proxy to attend the meeting. The regulations governing the appointment of proxy to attend a Shareholders' Meeting shall be in compliance with Article 177 of the Company Act and also the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" promulgated by the competent authority.

Article 11: Shareholders shall have one voting power in respect of each share in his/her/its possession. However, there is no voting power if there are restrictions imposed by relevant laws and regulations.

Article 12: Resolutions of the Shareholders Meeting shall be made by a simple majority of the shareholders or proxies in session and representing more than half of the outstanding shares unless the law provides otherwise.

Article 12-1: Where the Board may call for the Shareholders Meeting, the presiding officer shall comply with Paragraph 3 of Article 208 of the Company Act. Where a third party (parties) may convene the Shareholders Meeting, the convener shall act as the presiding officer. If there are 2 or more parties calling for the meeting, 1 should be nominated from among these parties to preside over the Shareholders Meeting.

Article 12-2: The resolutions of the Shareholders Meeting shall be made as minutes of meeting on record, confirmed by the presiding officer with signature or seal, and release to the shareholders within 20 days after the convention. The composition of the minutes of the meeting on record may be released electronically.

Chapter IV Directors and Supervisors

Article 13: The Company shall have 5 to 9 Directors and 2 to 3 Supervisors. They shall be elected by the shareholders meeting from among the persons with disposing capacity. Each shall have tenure of 3 years and may assume a new term of office if re-elected. The election of Independent Directors and Directors will be held simultaneously, but in separately calculated numbers. The candidate nomination system is adopted for the election of Directors and Supervisors in accordance with Article 192-1 of the Company Act and other applicable laws. Shareholders shall elect from the candidates on the list. The ratio of shareholdings by all Directors and Supervisors shall be governed by the rules and regulations of the competent authority of securities. Of all the numbers mentioned in paragraph 1, Independent Directors shall not less than two in number and not less than one-fifth of the total number of directors.

Article 13-1: If 1/3 of Directors were left vacant, or the all Supervisors were discharged, the Board shall call for a special session of the Shareholders Meeting to elect new candidates to fill the vacancies within 60 days. The tenure for the new Directors and Supervisors shall cover the rest of the term left behind by their predecessors.

Article 14: The Directors shall be organized into the Board of Directors and the

Chairman, Vice Chairman shall be elected among the Directors with the presence of at least 2/3 of the Directors and approved by a simple majority of the Board. The Chairman shall externally act on behalf of the Company.

The reasons for calling a Board of Directors Meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, Board of Directors Meeting may be called at any time. The notice for Board of Directors Meeting may be made by fax or e-mail instead of paper notice.

All directors shall attend the Board of Directors Meeting in person. Attendance via video conference is deemed as attendance in person.

If specific Director cannot attend the Board of Directors Meeting in person, such Director may issue a power of attorney specifying the scope of authorization, and appoint another Director to act as proxy to attend the Board of Directors Meeting. However, a proxy can accept a proxy from one person only.

Article 15: In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the proxy mechanism shall be governed by Article 208 of the Company Act. If specific Director cannot attend the Board of Directors Meeting, the proxy shall be proceed to Article 205 of the Company Act.

Article 15-1: Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 16: The Board shall be authorized to determine the remuneration of the Chairman, Directors and Supervisors on the basis of their frequency of participation in the operation and contribution value to the Company with reference to the standards of industry peers.

The Company shall take professional liability insurance for the protection of the Directors and Supervisors within the term and their scope of assigned duties with the aspect of their legal liability.

Chapter V Managerial Officers

Article 17: The Company shall establish the positions for several managerial officers. The appointment, dismissal and remuneration of whom shall be handled in accordance with the Article 29 of the Company Act.

Chapter VI Accounting

Article 18: At the end of each fiscal year, the Board shall prepare the following reports and statements and shall forward the same to Supervisors for reviewing 30 days prior to the date of the regular Shareholders' Meeting and propose to the Shareholders' Meeting for recognition. 1. Business Report 2. Financial Statements. 3. Proposal for the Earnings Distribution or loss off-setting.

Article 19: (Deleted)

Article 20: The Company shall appropriate not less than 3% of its profit, where applicable, as employees' compensation (the profit before taxes and before the deduction of employees' compensation and Directors and Supervisors' compensation), the Board shall determine the employees' compensation payment by cash or stock, and the employees of subsidiaries who meet the criteria determined by the Board of Directors are also entitled to get the compensation. The Company may also appropriate Directors and Supervisors' compensation not more than 3% of the above profit in accordance with the resolutions of the Board. However, if the Company still has accumulated losses, it should take the profit to cover the cumulative losses at first, then appropriate the remainder as employees' compensation and Directors and Supervisors' compensation.

Article 20-1: If the Company has net profit after tax the current period after the annual accounting settlement, the Company shall take the profit to cover the cumulative losses (including adjustment of the undistributed earnings) at first, then distribute as the following priorities:

- (1) Appropriation of 10% as a legal reserve until the amount of legal reserve is equivalent to the paid-in capital.
- (2) Appropriation or reversal of special reserve in accordance with applicable laws or requirements of the competent authority.
- (3) Add to the undistributed earnings accumulated in the preceding fiscal years to pool up as distributable earnings. The Board shall submit the proposal of earnings distribution subject to the approval of the Shareholders Meeting.

The Company is still at the growth stage. In consideration of the Company's environment and industrial growth, capital requirements in the future and the long- term financial planning as well as maintaining sustainable and stable business development, the Company adopts the policy of dividend payment from earnings. In general, earnings for distribution will not less than 15% of the after tax profit of current period. Further to the aforementioned requirements, stock dividends shall not be higher than 80% and cash dividends shall not less than 20% of the total dividends amount.

Chapter VII Miscellaneous

Article 21: Anything not covered by the Articles of Incorporation shall be governed by the Company Act.

Article 22: The Articles of Incorporation are instituted on December 14th, 1973.
Amended for the 1st version on July 5th, 1976.
Amended for the 2nd version on January 25th, 1977.
Amended for the 3rd version on April 12th, 1980.
Amended for the 4th version on July, 26th, 1982.
Amended for the 5th version on August 26th, 1982.
Amended for the 6th version on September 20th, 1982.

Amended for the 7th version on March 4th, 1985.
Amended for the 8th version on July 12th , 1986.
Amended for the 9th version on October 3rd, 1986.
Amended for the 10th version on September 5th, 1990.
Amended for the 11th version on March 26th, 1991.
Amended for the 12th version on June 15th, 1995.
Amended for the 13th version on December 19th, 1995.
Amended for the 14th version on November 16th, 1998.
Amended for the 15th version on July 29th, 1999.
Amended for the 16th version on August 31st, 1999.
Amended for the 17th version on April 25th, 2000.
Amended for the 18th version on June 9th, 2000.
Amended for the 19th version on June 14th, 2002.
Amended for the 20th version on June 25th, 2003.
Amended for the 21st version on June 25th, 2003.
Amended for the 22nd version on June 21st, 2004.
Amended for the 23rd version on February 25th, 2005.
Amended for the 24th version on June 10th, 2005.
Amended for the 25th version on June 9th, 2006.
Amended for the 26th version on June 13th, 2007.
Amended for the 27th version on June 16th, 2009.
Amended for the 28th version on June 4th, 2010.
Amended for the 29th version on June 21st, 2012.
Amended for the 30th version on June 13th, 2016.
Amended for the 31st version on June 20th, 2017.
Amended for the 32nd version on June 22nd, 2020.
Amended for the 33rd version on December 9th, 2020.

[Appendix II]

Nidec Chaun-Choung Technology Corporation Procedures for Election of Directors and Supervisors

Passed by the Shareholders Meeting on June 20, 2017

Article 1: (Basis and Scope of Application)

The rule of procedures for the election of directors and supervisors of the Company, except as otherwise provided by law, regulation, or the Company Act, shall be as provided in this Procedure.

Article 2: (The Candidate Nomination System)

Elections of both directors and supervisors of the Company shall be conducted in accordance with the candidate nomination system at shareholders meeting and single candidate cumulative voting shall be adopted. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 3:

More than half of the Company's directors elect, at least one or more supervisors elect, or one or more supervisors elect and directors elect, among whom shall not have the relationships as follows,

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

Article 4: (Election Matters)

Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Those receiving ballots representing the prevailing numbers of voting rights will be the directors or supervisors elect

Article 5: (Rules for Director and Supervisor Elect)

According to the stipulated number of directors and supervisors of the Company as well as the election results, those receiving ballots representing the higher numbers of voting rights will be elected. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

The Candidate Nomination System is adopted for elections of directors (including independent directors) and supervisors. Election of both directors and independent directors shall be held at the same time and

ballots shall be calculated separately to determine separate elects.

Article 6 (Ballot Preparation)

Ballots shall be prepared and printed by the Company with clear statements indicating the number of shares that have the voting right.

Article 7: (Valid Ballot)

Voters shall follow the instruction on the ballot to provide the necessary information.

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name on ballot, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered respectively.

Article 8: (Invalid Ballot)

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by this procedure.
2. The ballot was blank or copied.
3. The writing is unclear and indecipherable.
4. The candidate whose name is entered in the ballot with shareholder status, but the candidate's account name and shareholder account number do not conform to those given in the shareholder register. For a non-shareholder, the name and identity card number of the candidate is not consistent with the verification.
5. Other words or marks are entered in addition to the candidate's account name (or name) or shareholder account number (or identity card number) and the number of voting rights allotted.
6. No candidate's shareholder account number (or identity card number) is entered when the name of a candidate is same as that of other shareholders for identification purpose.
7. On the same ballot, two or more candidates were entered.

Article 9: (Vote Calculation and Announcement)

The voting rights shall be calculated on site immediately after the end of the poll and the results of the calculation shall be announced by the chair or Master of Ceremony on site. The directors and supervisors elect shall issue consent letter in accordance with the law after the shareholders meeting.

Article 10: (Disqualification)

1. When an elected director or supervisor of the Company does not conform to this Procedure, the following rules shall be adopted to decide who will be the elected director or supervisor.
2. For directors who do not conform to the rules, among whom who acquired the lowest voting rights shall be disqualified.
3. For supervisors who do not conform to the rules, the proceeding paragraph shall be applicable.
4. Among supervisors and directors who do not conform to the rule, a supervisor who obtained the lowest voting rights shall be disqualified.

Article 11 (Implementation and Amendment)

This Procedure shall be implemented after the approval of the Shareholders Meeting. The same procedure is applicable to any amendments thereto.

[Appendix II]

Nidec Chaun-Choung Technology Corporation Rules of Procedure for Shareholders Meeting

Passed by the Shareholders Meeting on June 21, 2012

- Article 1: The rule of procedure for Shareholders Meeting of the Company, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in this Rules.
- Article 2: Shareholders under this Procedure are shareholders themselves and the proxy appointed by the shareholders to attend the Meeting in accordance with the law.
- Article 3: The shareholders or proxies shall hand over attendance cards instead of signing to attend the Shareholders Meeting. The number of shares in attendance shall be calculated according to the attendance cards handed over. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 4: Attendance and vote at Shareholders meeting shall be calculated based on numbers of shares.
- Article 5: The chair shall call the Meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still not represent enough, the chair shall declare the meeting adjourned. However, if the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders Meeting shall be convened within 1 month. When, prior to conclusion of the meeting, the attending shareholders represent one third or more of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Shareholders Meeting pursuant to Article 174 of the Company Act.
- Article 6: If a Shareholders Meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

- Article 7: The Company may appoint its attorneys, Certified Public Accountants, or related persons retained by it to attend a Shareholders Meeting in a non-voting capacity.
- Article 8: Staffs handling administrative affairs of a Shareholders Meeting shall wear identification cards or arm bands.
- Article 9: The Company shall make an audio or video recording through the entire procedure of the Shareholders Meeting and retain the recorded materials for at least 1 year.
- Article 10: If a Shareholders Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders Meeting.
- Article 11: Before speaking, the chair may ask an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders' speak will be set by the chair.
- Article 12: A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- Article 13: Shareholders may restrain the authority of proxies in the power of attorney or through other means, and whether such restraint is known to the Company or not, the speech and votes of the proxies shall prevail.
- Article 14: Each shareholder may express an opinion on the same motion for no more than twice unless with the consent of the chair. Five minutes are allowed for each expression, shareholders violate the forementioned regulations or exceed the scope of the agenda, the chair shall stop the shareholder from going on with the expression.
- Article 15: When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the Shareholders Meeting.
- Article 16: When a juristic person shareholder appoints two or more representatives to attend a Shareholders Meeting, only one of the representatives appointed may speak on the same proposal.
- Article 17: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 18: Regarding the discussion of motions, when the chair considers the motion has been discussed sufficiently and shall put it to a vote, the chair may announce the discussion closed and call for a vote.
- Article 19: If it is not a motion, it will not be discussed or voted. When the chair considers the motion has been discussed sufficiently and shall put it to a vote, the chair may announce the discussion closed.
- Article 20: When the chair announces for the discussion of particular motion closed

and proceed to vote, several motions may be voted simultaneously, but shall vote separately.

- Article 21: The venue for a Shareholders Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Shareholders Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 22: Except as otherwise provided in the Company Act and in the Articles of Incorporation, the passage of a motion shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. If the chair consults without dissent, it shall be deemed as passed its effect shall be the same as that of the vote.
- Article 23: When there is an amendment or an alternative to a motion, the chair shall present the amended or alternative motion together with the original motion and decide the order in which they will be put to a vote. When any one among them is passed, the other motions will then be deemed rejected, and no further voting shall be required.
- Article 24: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the related laws or regulations.
- Article 25: Regarding the monitoring and counting personnel for the voting on a motion shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.
- Article 26: (Deleted)
- Article 27: When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 28: When a meeting is in progress, if there is an air raid warning, earthquake or other force majeure events, the chair shall announce the meeting discontinued at once and evacuate from the meeting place. After the reason of the discontinuation of the meeting is eliminated, the chair shall determine if the meeting shall be continued.
- Article 29: Anything not covered by the Procedure shall be governed by the Company Act, the Articles of Incorporation of the Company and other applicable laws.
- Article 30: This Procedure shall be implemented after the approval of the Shareholders Meeting. The same procedure is applicable to any amendments thereto.

[Appendix IV]

**Nidec Chaun-Choung Technology Corporation
Shareholdings of Directors and Supervisors**

- I. The Company has paid-in capital of NT\$863,433,960 with the outstanding of 86,343,396 shares.
- II. According to Article 26 of the “Securities and Exchange Act” and the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the minimum quantity of shareholdings held by all Directors is 6,907,471 shares and held by all Supervisors is 690,747 shares.
- III. As of the day on which share transfer is prohibited before the Shareholders Meeting, the individual and total shareholdings of all Directors and Supervisors showed on the list of the shareholders is as follows,

April 24, 2021; Unit: shares

Title	Name	Shareholdings as of the day of prohibition of share transfer	
		Shares Held	Shareholdings Percentage
Chairman	Nidec Corporation Representative: Junichi Nagai	70,130,982	81.22%
Director	Nidec Corporation Representative: Eiji Miyamoto	70,130,982	81.22%
Director	Nidec Corporation Representative: Yasuhiro Mase	70,130,982	81.22%
Director	Nidec Corporation Representative: Mitsuru Tsuyoshi	70,130,982	81.22%
Director	Nidec Corporation Representative: Hidetoshi Matsuhashi	70,130,982	81.22%
Independent Director	Ke-Wei Hsu	0	0.00%
Independent Director	Ya-Ping Chiang	0	0.00%
Total quantity of shares held by all Directors		70,130,982	81.22%

April 24, 2021 ; Unit: shares

Title	Name	Shareholdings as of the day of prohibition of share transfer	
		Shares Held	Shareholding Percentage
Supervisor	Isao Takahashi	0	0
Total quantity of shares held by all Supervisors		0	0.00%