

Promate Solutions Corporation

Independent Financial Report and Accountant Audit Report

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS REPORT

Promate Solutions Corporation was audited:

The Board of Directors and Shareholders
Promate Solutions Corporation

Opinion

We have audited the accompanying financial statements of Promate Solutions Corporation (the “Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the Income Statement, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”)

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

Basis of Audit Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key items for checking the independent financial statements of Promate Solutions Corporation in 2020 are described as follows:

Occurrence of shipment with revenue gained from specific clients

The company specializes in trading embedded control system, special applicatoin display module and meidical touch display module. Based on the materiality and auditing standards, revenue recognition is presumed to be a significant risk. Therefore, the engaging parter believes that the existence of sales revenue with specific clients would materially affect the occurrence of the financial statement, which is the reason the audit team listed the occurrence of shipment with sales revenue from certain clients as the key audit matter of 2020 audit process. Refer to note 4(14) for more details of revenue recognitoin policy.

Our main audit procedures performed in respect of above matter include the following:

1. We understood the internal control procedures for revenue recognition and the relevant approval process followed by the Company's management.
2. We utlized audit sampling on specific clients' shipments, which we would verify the relevant documents and test the receivable collection to confirm the existence of sales transaction.
3. We ascertained sales returns and discounts that occurred after the balance sheet date, to ensure whether there is a material misstatement on sales revenue from specific clients in the company's financial statement.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Li-Huang Lee and Po-Jen Weng.

Deloitte & Touche Taipei, Taiwan
Republic of China
March 26, 2021

Notice to Readers

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

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

PROMATE SOLUTIONS CORPORATION

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

Asset	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Current Assets				
Cash and Cash Equivalents (Note 4, and 29)	\$ 605,608	40	\$ 830,502	52
Financial Assets Measured at Fair Value through Profit or Loss-Current(Note 4, 7 and 29)	12,354	1	3,036	-
Financial Assets Measured at Amortized Cost-Current (Note4,9,10 and29)	114,314	8	-	-
Accounts Receivable - Non-related Parties (Note4,12,29)	269,948	18	278,309	18
Accounts Receivable - Related Parties (Note4,11,29 and 30)	5,167	-	4,964	-
Other Accounts Payable (Note4, 11 and 29)	8,590	1	11,123	1
Inventory (Note4, 12)	298,287	20	282,484	18
Prepayment (Note17, 27)	2,440	-	5,543	-
Other Current Assets (Note17)	30	-	53	-
Total Current Assets	<u>1,316,738</u>	<u>88</u>	<u>1,416,014</u>	<u>89</u>
Non-current Assets				
Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss - Non-current (Note4, 8,29)	43,607	3	14,892	1
Investment Using Equity (Note4, 13)	3,002	-	2,576	-
Immovable Property, Plant and Equipment (Note4, 14)	48,946	3	47,268	3
Right-of-use Assets (Note4, 15 and 30)	64,155	5	83,236	5
Other intangible assets (Note4, 16)	4,027	-	7,219	1
Deferred Income Tax Assets (Note4,25)	13,893	1	14,981	1
Advance Payment for Equipmen (Note17)	3,888	-	4,025	-
Refundable Deposits (Note17, 29)	582	-	82	-
Total Non-current Assets	<u>182,100</u>	<u>12</u>	<u>174,279</u>	<u>11</u>
Total Assets	<u>\$ 1,498,838</u>	<u>100</u>	<u>\$ 1,590,293</u>	<u>100</u>
Liabilities and Equity				
Current Liabilities				
Contract Liabilities-Current (Note19, 23)	\$ 30,466	2	\$ 39,767	3
Notes Payable - Non-related Parties (Note18, 29)	-	-	11	-
Accounts Payable - Non-related Parties (Note18, 29)	123,026	8	165,801	11
Accounts Payable - Related Parties (Note18, 29 and 30)	43,392	3	66,465	4
Lease Liabilities-Current (Note4, 15,29 and 30)	21,343	2	20,619	1
Other Accounts Payable (Note19, 29)	93,390	6	101,802	6
Other Accounts Payable - Related Parties (Note19,29 and 30)	955	-	2,325	-
Current income tax liability (Note4, 25)	22,063	2	28,696	2
Liability reserve -Current (Note4, 20)	3,285	-	11,164	1
Other Current Liabilities (Note19)	2,296	-	2,289	-
Total Current Liabilities	<u>340,216</u>	<u>23</u>	<u>438,939</u>	<u>28</u>
Non-current Liabilities				
Liability reserve - Non-current (Note4, 20)	2,239	-	6,960	-
Lease Liabilities - Non-current (Note4, 15, 29 and 30)	42,429	3	61,566	4
Net Defined Benefit Liabilities - Non-current (Note4, 21)	15,044	1	15,252	1
Deferred Income Tax Liabilities (Note4, 25)	55	-	3	-
Total Non-current Liabilities	<u>59,767</u>	<u>4</u>	<u>83,781</u>	<u>5</u>
Total Liabilities	<u>399,983</u>	<u>27</u>	<u>522,720</u>	<u>33</u>
Interest (Note21, 22)				
Capital				
Common Stock	<u>382,549</u>	<u>25</u>	<u>382,549</u>	<u>24</u>
Capital Reserves	<u>386,829</u>	<u>26</u>	<u>396,393</u>	<u>25</u>
Reserved Surplus				
Statutory surplus reserve	105,299	7	84,663	5
Special Surplus Reserve	2,728	-	26	-
Undivided Surplus	<u>210,207</u>	<u>14</u>	<u>206,670</u>	<u>13</u>
Total retained surplus	<u>318,234</u>	<u>21</u>	<u>291,359</u>	<u>18</u>
Other Interests				
Exchange difference in the conversion of financial statements of foreign operating institutions	(49)	-	(50)	-
For the unrealized evaluation profit and loss information of financial assets measured at fair value through other comprehensive profit and loss	<u>11,292</u>	<u>1</u>	<u>(2,678)</u>	<u>-</u>
Total other interests	<u>11,243</u>	<u>1</u>	<u>(2,728)</u>	<u>-</u>
Total Interests	<u>1,098,855</u>	<u>73</u>	<u>1,067,573</u>	<u>67</u>
Total Liabilities and Interests	<u>\$ 1,498,838</u>	<u>100</u>	<u>\$ 1,590,293</u>	<u>100</u>

The attached notes form part of the independent financial statements.

PROMATE SOLUTIONS CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
Operating Revenues (Note4, 23 and 30)				
Sales revenue	\$ 1,769,299	100	\$ 1,871,472	100
Operating Costs (Note4, 12, 21,24 and 30)				
Sales cost	(1,253,848)	(71)	(1,340,388)	(72)
Operating margin	<u>515,451</u>	<u>29</u>	<u>531,084</u>	<u>28</u>
Operating Expenses (Note11, 16,21,24 and 30)				
Selling Expenses	(126,933)	(7)	(145,909)	(8)
Administrative Expenses	(38,481)	(2)	(40,462)	(2)
R&D expenses	(83,868)	(5)	(84,566)	(4)
Total Operating Expenses	(249,282)	(14)	(270,937)	(14)
Net operating profit	<u>266,169</u>	<u>15</u>	<u>260,147</u>	<u>14</u>
Non-operating Revenues and Expenses (Note4, 13,24 and 30)				
Interest Revenues	3,821	-	6,590	-
Other Revenues	2,390	-	1,937	-
Other Benefits and Losses	(20,980)	(1)	(9,864)	-
Financial Costs	(2,066)	-	(2,432)	-
Share of profits and losses of subsidiaries, affiliates and joint ventures recognized by the equity method	<u>424</u>	<u>-</u>	<u>513</u>	<u>-</u>
Total Non-operating Revenues and Expenses	(16,411)	(1)	(3,256)	-

(To be continued)

	2020		2019	
	Amount	%	Amount	%
Net profit before tax for continuing business units	\$ 249,758	14	\$ 256,891	14
Income tax expense (Note4, 25)	(46,683)	(2)	(50,250)	(3)
Net profit for this year	<u>203,075</u>	<u>12</u>	<u>206,641</u>	<u>11</u>
Other Consolidated Profits and Losses				
Items that are not reclassified to profit or loss				
Remeasurement of defined benefit plan (Note4, 21)	(340)	-	(354)	-
Unrealized evaluation of profit or loss on investment in equity instruments measured at fair value through other consolidated profit or loss (Note4, 22)	19,752	1	(2,678)	-
Income tax related to non-reclassified items (Note4, 25)	<u>68</u>	<u>-</u>	<u>70</u>	<u>-</u>
	<u>19,480</u>	<u>1</u>	<u>(2,962)</u>	<u>-</u>
Items that may be reclassified to profit or loss in the future:				
Exchange difference in the conversion of financial statements of foreign operating institutions (Note4, 22)	2	-	(31)	-
Income tax related to items that may be reclassified (Note4, 25)	(<u>1</u>)	<u>-</u>	<u>7</u>	<u>-</u>
	<u>1</u>	<u>-</u>	<u>(24)</u>	<u>-</u>
Other consolidated profit and loss of current year (Net amount after tax)	<u>19,481</u>	<u>1</u>	<u>(2,986)</u>	<u>-</u>
Total consolidated profit and loss of current year	<u>\$ 222,556</u>	<u>13</u>	<u>\$ 203,655</u>	<u>11</u>
Earnings per share (Note26)				
From continuing business units				
Basic	<u>\$ 5.31</u>		<u>\$ 5.40</u>	
Diluted	<u>\$ 5.25</u>		<u>\$ 5.35</u>	

The attached notes form part of the independent financial statements.

PROMATE SOLUTIONS CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	Capital		Capital Reserves	Reserved Surplus			Other rights and interests		Total Interests
	Number of Shares (1,000 shares)	Amount		Statutory surplus reserve	Special Reserve	Undivided Surplus	Exchange difference in the conversion of financial statements of foreign operating institutions	Unrealized evaluation of profit or loss on financial assets measured at fair value through other consolidated profit or loss	
Balance on January 1, 2019	38,255	\$ 382,549	\$ 400,600	\$ 66,035	\$ 42	\$ 186,864	(\$ 26)	\$ -	\$ 1,036,064
2018 surplus allocation and distribution									
Statutory surplus reserve	-	-	-	18,628	-	(18,628)	-	-	-
The Company's shareholders cash dividends	-	-	-	-	-	(167,939)	-	-	(167,939)
Rotation of Special Reserve according to Order Jin-Guan-Zheng-Fa-Zi No. 1010012865	-	-	-	-	(16)	16	-	-	-
Other changes in capital reserves:									
Capital reserves distributed cash	-	-	(4,207)	-	-	-	-	-	(4,207)
Net profit of 2019	-	-	-	-	-	206,641	-	-	206,641
Other Consolidated Profit and Loss after Tax of 2019	-	-	-	-	-	(284)	(24)	(2,678)	(2,986)
Total consolidated profit and loss of 2019	-	-	-	-	-	206,357	(24)	(2,678)	203,655
Balance on December 31, 2019	38,255	382,549	396,393	84,663	26	206,670	(50)	(2,678)	1,067,573
2019 surplus allocation and distribution									
Statutory surplus reserve	-	-	-	20,636	-	(20,636)	-	-	-
Special Reserve	-	-	-	-	2,702	(2,702)	-	-	-
The Company's shareholders cash dividends	-	-	-	-	-	(181,710)	-	-	(181,710)
Other changes in capital reserves:									
Capital reserves distributed cash	-	-	(9,564)	-	-	-	-	-	(9,564)
Deal with equity instruments measured at fair value through other consolidated profit and loss	-	-	-	-	-	5,782	-	(5,782)	-
Net profit of 2020	-	-	-	-	-	203,075	-	-	203,075
Other Consolidated Profit and Loss after Tax of 2020	-	-	-	-	-	(272)	1	19,752	19,481
Total consolidated profits and losses of 2020	-	-	-	-	-	202,803	1	19,752	222,556
Balance on December 31, 2020	38,255	\$ 382,549	\$ 386,829	\$ 105,299	\$ 2,728	\$ 210,207	(\$ 49)	\$ 11,292	\$ 1,098,855

The attached notes form part of the independent financial statements.

PROMATE SOLUTIONS CORPORATION

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

	2020	2019
Cash Flow of Operating Activities		
Net Losses before Tax of this year	\$ 249,758	\$ 256,891
Income Expense Item		
Expected credit impairment (recovery) losses	6,360	(822)
Depreciation Expense	36,170	38,997
Amortization expense	3,192	3,349
Financial Costs	2,066	2,432
Provision (recovery) for liabilities	(5,590)	4,194
Interest Revenues	(3,821)	(6,590)
Dividend Revenues	(2,242)	(1,818)
Unrealized foreign currency conversion loss	1,355	-
Net interest in financial assets and liabilities measured at fair value through profit and loss	(3,920)	(833)
Loss of falling inventory prices and sluggish (recovery benefit)	10,000	(2,187)
Inventory scrap loss	3,069	2,719
Share of losses (profits) of subsidiaries, affiliates and joint ventures recognized by the equity method	(424)	(513)
Net changes in operating assets and liabilities		
Increase in financial assets of compulsory measurement at fair value through profit or loss	(5,398)	(2,203)
Decrease (increase) in accounts receivable	2,001	(36,684)
Decrease (increase) in Accounts Receivable - Related Parties	(203)	2,660
Decrease (increase) in other receivables	2,533	(210)
Decrease (increase) in inventory	(28,872)	242,298
Decrease in prepayment	3,103	1,369
Decrease (increase) in other current assets	23	(23)
Increase (decrease) in contract liability	(9,301)	8,774
Decrease in notes payable	(11)	-
Increase (decrease) in accounts payable	(42,775)	20,058
Increase (decrease) in accounts payable - Related Parties	(23,073)	32,213
Increase (decrease) in other payable	(8,412)	1,519

	2020	2019
Other accounts receivable - Related party decreased	(1,370)	(281)
Decrease in liability provision	(7,010)	(13,085)
Decrease in net defined benefit liability	(548)	(502)
Increase in other current liabilities	<u>7</u>	<u>200</u>
Cash inflow from operations	176,667	551,922
Interest charged	3,821	6,590
Income tax paid	<u>(52,109)</u>	<u>(51,231)</u>
Net cash inflow (outflow) from operating activities	<u>128,379</u>	<u>507,281</u>
Cash flow from investment activities		
Purchase immovable property, plant and equipment	(307)	(430)
Refundable deposits added	(500)	-
Purchase of intangible assets	-	(229)
Increase in advance payment for equipment	(16,890)	(8,196)
Collection of other dividends	2,242	1,818
Acquisition of financial assets measured at amortized cost	(1,455,169)	(953,430)
Acquisition of Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	(23,663)	(17,570)
Deal with the financial assets at fair value through other consolidated profit or loss	14,700	-
Disposal of financial assets measured at amortized cost	<u>1,339,500</u>	<u>953,430</u>
Net cash outflow from investment activities	<u>(140,087)</u>	<u>(24,607)</u>
Cash flow from fund-raising activities		
Dividend payment	(191,274)	(172,146)
Lease principal repayment	<u>(21,912)</u>	<u>(21,869)</u>
Net cash outflow from fund-raising activities	<u>(213,186)</u>	<u>(194,015)</u>
Net (decrease) increase in cash and cash equivalent	(224,894)	288,659
Cash and cash equivalents balance at the beginning of the year	<u>830,502</u>	<u>541,843</u>
Cash and cash equivalents balance at the end of the year	<u>\$ 605,608</u>	<u>\$ 830,502</u>

The attached notes form part of the independent financial statements.

PROMATE SOLUTIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Promate Solutions Corporation (the “Company”) is a listed company established on May 29, 2000. The main business of the Company include research & development and manufacture of medical touch screen displays, embedded control systems, special application and industrial displays, and research & development of applicable software and hardware.

According to resolutions of the shareholders' meeting on June 10, 2013 , the department of special application product of Promate Electronic Co., Ltd had been transfer to the Company based on Business Mergers And Acquisitions Act. The purpose of division was due to organization adjustment of Promate Electronic Co. According to Board resolutions, the reference date of the division was August 1, 2013. , the value of the division department was 123,900 thousand. The Company had been issued 8,260 thousand ordinary share priced at 15 for division.

The parent company of the Company is Promate Electronic Co., Ltd. with equity interests of 66.21% on December 31, 2020 and 2019.

The Company’s shares have been listed on OTC trading at Taipei Exchange since March 2004.

The functional currency of the Company is the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The independent financial report was approved by the board of directors on March 23, 2021.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

Amendment to IAS 1 and IAS 8 "Definition of Materiality"

The Group adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to “could reasonably be expected to influence” and, therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

- b. The IFRs endorsed by FSC for application starting from 2021:

New IFRSs	Effect Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis

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

New IFRSs	Effect Date Announced by IASB (Note1)
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract	January 1, 2022 (Note 5)

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

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

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

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

Note 5: The amendments are applicable to contracts for which the entity has not yet

fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 1 "Disclosure of Accounting Policies"

This amendment clearly stipulates that the consolidated company shall determine the material accounting policy information to be disclosed according to the definition of materiality. Accounting

policy information is material to the extent that it can reasonably be expected to influence the decisions made by major users of the financial statements for general purpose on which the financial statements are based. This amendment clarifies:

- Accounting policy information relating to non-material transactions, other matters or circumstances is non-material and the consolidated company is not required to disclose such information.
- The consolidated company may judge the relevant accounting policy information to be material due to the nature of the transaction, other matters or circumstances, even if the amount is not material.
- Not all accounting policy information relating to material transactions, other matters or circumstances is material.

In addition, the amendment provides an example of how accounting policy information may be material if it is related to material transactions, other matters or circumstances and if:

- (1) The consolidated company changes its accounting policies during the reporting period and the change results in a material change in the financial statement information;
 - (2) The consolidated company selects its applicable accounting policies from the options permitted by the Standards;
 - (3) Accounting policies are established by the consolidated company in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" due to the lack of specific standards;
 - (4) The consolidated company discloses relevant accounting policies determined by the application of material judgments or assumptions; or
 - (5) There are complex accounting requirements and users of financial statements rely on such information in order to understand such material transactions, other matters or circumstances.
- 5) Amendments to IAS 8 "Definition of Accounting Estimates"

This amendment clearly stipulates that the accounting estimates refer to the monetary amounts in financial statements that are affected by measurement uncertainties. When the accounting policies apply to the consolidated company, the financial statement items may have to be measured in terms of monetary amounts that cannot be directly observed but must be estimated. Measuring techniques and input values are used to establish the accounting estimates for this purpose. If the impact of change in the measurement technology or input value on accounting estimates is not correction of previous errors, it is the change in accounting estimates.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements

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

Current assets include:

- 1) Assets held primarily for transaction purposes
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held for the purpose of trading;
- 2) Liabilities due to be settled within 12 months, and
- 3) Liabilities for which the entity does not have the right at the end of the reporting period to defer settlement beyond 12 months.

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

d. Foreign Currencies

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

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

- 1) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and,
- 2) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized

directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

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

f. Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of the subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control of the subsidiaries are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with limited useful life acquired separately are initially measured at cost, and subsequently measured at the amount of cost minus accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis within their useful life. The company reviews the estimated useful life, residual value and amortization method at least at the end of each year, and defers the impact of changes in applicable accounting estimates. Intangible assets with non-determined useful life are presented at cost minus accumulated impairment losses.

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

The inventory, real estate, building and equipment and intangible assets recognized by customer agreement shall recognize the impairment according to the provisions of inventory impairment and the above requirements, and then the amount of the carrying amount in accordance with the contract costs related assets exceeding the amount remaining in consideration expected to be charged for the provision of relevant goods or services after deducting the directly related costs shall be recognized as the impairment loss. The carrying amount of assets related to the contract cost shall be added to the cash generating unit for the impairment assessment of cash generating unit.

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

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the

financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measure categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

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

i) Held under a business model for the purpose of holding financial assets to collect contractual cash flows; and

ii) The terms of the contract generate cash flows on a specific date, which are solely interest on the payment of principal and the amount of principal outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, debt investment instruments at amortized cost, accounts receivable, other receivables, and deposits) are identified as The total book amount determined by the effective interest method is measured after deducting any impairment loss after amortization, and any foreign currency exchange gains and losses are recognized in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits held for the purpose of meeting short-term cash commitments, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii. Investments in debt instruments designated at FVTOC

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Investments in debt instruments designated at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

b) Impairment of financial assets and contractual assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other trade receivables (including related party).

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instrument

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities.

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

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

l. Revenue recognition

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

Where the time interval between the transfer of goods or services and the receipt of consideration is less than one year, no adjustment of transaction price shall be made for the material financial component of the contract

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

m. Leases

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

1) The company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

The accounting treatment for other long-term employee benefits is the same as that of the defined benefit retirement plan, except that the relevant remeasurements are recognized as profit and loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

The original recognition of assets and liabilities that are not part of a business merger does not affect either tax income or accounting profit, and the temporary differences arising therefrom are not recognized as deferred income tax assets and liabilities.

The original recognition of assets and liabilities that are not acquired from subsidiaries does not affect either tax income or accounting profit, and the temporary differences arising therefrom are not recognized as deferred income tax assets and liabilities.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, whereas deferred income tax assets are recognized when there is a high possibility that the tax income will be available to provide the income tax credits for expenditures such as deductible temporary differences.

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The accounting policies, estimates, and basic assumptions adopted by the company have been evaluated by the company's management, and there are no major accounting judgments, estimates, and assumptions that are uncertain.

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	\$ 873	\$ 914
Checking accounts	344,735	399,594
Cash equivalents (investment with original maturities less than three months)		
Time deposits	<u>260,000</u>	<u>429,994</u>
	<u>\$ 605,608</u>	<u>\$ 830,502</u>

The interest rate range of bank deposits on balance sheet date is as follows:

	December 31, 2020	December 31, 2019
Bank Deposits	0.001% ~ 0.05%	0.001% ~ 0.35%
Time deposit	0.34% ~ 0.4%	0.59% ~ 2.28%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2020	December 31, 2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTP:		
Non-derivative financial assets		
Domestic listed shares	\$ <u>12,354</u>	\$ <u>3,036</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2020	December 31, 2019
<u>Non-current</u>		
Investments in equity instruments	\$ <u>43,607</u>	\$ <u>14,892</u>
<u>Non-current</u>		
Domestic investments		
Listed shares		
HIGGSTEC Inc	\$ <u>43,607</u>	\$ <u>14,892</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COSTS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Foreign investments		
Repurchase agreement		
—PERTAMINA	\$ 28,715	\$ -
—CITIC Group Corporation Ltd.	28,567	-
—Corporation Nacional del Cobre de Chile	28,517	-
—Bank of China	28,515	-
Less : Allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 114,314</u>	<u>\$ -</u>

Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost:

December 31, 2020

	<u>At Amortized Cost</u>
Gross carrying amount	\$ 114,314
Less: Allowance for impairment loss	<u>-</u>
Amortization costs	<u>\$ 114,314</u>

In order to minimize credit risk, the management of the Company has delegated a dedicated team to build a credit rating database, with a view to assessing the default risk of investments in debt instruments. For items without external credit ratings, appropriate internal ratings can be given by reference to publicly available financial information. The Company continuously tracks major information from financial institutions to monitor changes in the credit risk of investments in debt instruments, and uses such information to assess whether there is a significant increase in the initially recognized credit risk of investments in debt instruments. The Company has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Company considers the historical default records and current financial status of financial institutions supplied by the internal rating team to measure the 12-month or lifetime expected credit losses of investments in debt instruments.

The Company's current credit risk rating mechanism is as follows:

<u>Credit Rating</u>	<u>Definition</u>	<u>Basis for Recognition of Expected Credit Losses</u>
Normal	The debtor's credit risk is low and the debtor has sufficient ability to pay off the contract cash flow	12 months of expected credit losses

The gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

December 31, 2020

<u>Credit Rating</u>	<u>Expected Credit Loss Rate</u>	<u>Gross Carrying Amount Amortized Cost</u>
Normal	0% ~ 0.01%	\$ <u>114,314</u>

The Company did not have any investment in debt instruments at amortized cost as of December 31, 2019.

There was no change in the allowance for impairment loss of investments in debt instruments at amortized cost for the year ended December 31, 2020 and 2019.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Accounts receivables</u>		
At amortized cost		
Gross carrying amount-unrelated parties	\$ 276,556	\$ 278,557
Gross carrying amount-related parties	5,167	4,964
Less: Allowance for impairment loss	(<u>6,608</u>)	(<u>248</u>)
	<u>\$ 275,115</u>	<u>\$ 283,273</u>
<u>Overdue receivables</u>		
Overdue receivables	\$ 30	\$ 30
Less: Allowance for impairment loss	(<u>30</u>)	(<u>30</u>)
	<u>\$ -</u>	<u>\$ -</u>
<u>Others receivables</u>		
Tax refund receivables	\$ 6,667	\$ 9,549
Duty Tax refund receivables	1,923	1,488
Others	<u>-</u>	<u>86</u>
	<u>\$ 8,590</u>	<u>\$ 11,123</u>

a. Accounts receivable

At amortized cost

The average credit period of the sales of goods was 90-135 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivables based on the Company's

provision matrix.

December 31, 2020

	<u>Not Overdue</u>	<u>Overdue 1 ~ 30 days</u>	<u>Overdue 31 ~ 60 days</u>	<u>Overdue 61 ~ 90 days</u>	<u>Overdue More Than 91days</u>	<u>Total</u>
Expected Credit Loss Rate	0.01%	0.27%	30.21%	56.2%	71.15~100%	
Gross carrying amount	\$ 238,065	\$ 25,201	\$ 14,853	\$ 3,564	\$ 40	\$ 281,723
Loss allowance (Lifetime ECL)	(24)	(67)	(4,478)	(1,999)	(40)	(6,608)
Amortized Cost	<u>\$ 238,041</u>	<u>\$ 25,134</u>	<u>\$ 10,375</u>	<u>\$ 1,565</u>	<u>\$ -</u>	<u>\$ 275,115</u>

December 31, 2019

	<u>Not Overdue</u>	<u>Overdue 1 ~ 30 days</u>	<u>Overdue 31 ~ 60 days</u>	<u>Overdue More Than 61days</u>	<u>Total</u>
Expected Credit Loss Rate	0.2%	0.325%	2.07%	8.39~100%	
Gross carrying amount	\$ 231,293	\$ 52,215	\$ 5	\$ 8	\$ 283,521
Loss allowance (Lifetime ECL)	(148)	(98)	-	(2)	(248)
Amortized Cost	<u>\$ 231,145</u>	<u>\$ 52,117</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 283,273</u>

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

	<u>2020</u>	<u>2019</u>
<u>Accounts receivables</u>		
Balance on January 1	\$ 248	\$ 1,070
Add: Amount of expected credit loss	6,360	-
Less: Amount of credit loss reversal	<u>-</u>	<u>(822)</u>
Balance on December 31	<u>\$ 6,608</u>	<u>\$ 248</u>
<u>Overdue receivables</u>		
Balance on January 1	<u>\$ 30</u>	<u>\$ 30</u>
Balance on December 31	<u>\$ 30</u>	<u>\$ 30</u>

Compared to the balance on January 1, 2020 and 2019, the gross carrying amount of accounts receivables on December 31, 2020 and 2019 decreased \$1,798 thousand and increased \$34,024 thousand. Due to increase in projected credit loss, the loss allowance increased \$6,360 thousand and decreased \$822 thousand.

b. Other receivables

The Company does not accrue interest on other receivables. When determining the recoverability of other receivables, the Company considers any changes in the credit quality of other receivables from the original credit date to the balance sheet date. As historical experience shows that other receivables overdue for more than one year are not recoverable, the Company recognizes 100% allowance for bad debts for other receivables aged over one year. For other receivables aged within one year, the Company determines allowance for bad debt by reference to the past arrears of counterparties and analyzing their current financial position, in order to evaluate irrecoverable amounts.

There was no allowance for impairment loss of other receivables on December 31, 2020, December 31, 2019.

12. INVENTORIES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Raw materials	\$ 103,410	\$ 125,756
Work in process	24,214	22,346
Finished goods	166,134	131,899
Merchandise inventories	<u>4,529</u>	<u>2,483</u>
	<u>\$ 298,287</u>	<u>\$ 282,484</u>

Costs of goods sold were as follows:

	<u>For the Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Cost of Goods Sold	\$ 1,240,779	\$ 1,339,856
Loss (gain) on inventory impairment	10,000	(2,187)
Inventory Scrap	<u>3,069</u>	<u>2,719</u>
	<u>\$ 1,253,848</u>	<u>\$ 1,340,388</u>

13. INVESTMENTS MEASURED BY EQUITY METHOD

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investments in subsidiaries	<u>\$ 3,002</u>	<u>\$ 2,576</u>

Investments in subsidiaries

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
PROMATE JAPAN CO., LTD.	<u>\$ 3,002</u>	<u>\$ 2,576</u>

Name of Subsidiary	<u>Proportion of Ownership (%)</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
PROMATE JAPAN CO., LTD.	100%	100%

Promate Japan Inc. was incorporated on Mach 2017 in Tokyo, Japan. It is 100% owner by the Company and the nature of its activities includes trade of electronic commodities.

The share of profits and losses and other consolidated profits and losses of subsidiaries using the equity method in 2020 and 2019 are recognized on the basis of the financial statements audited by accountants of each subsidiary in the same period.

14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Assets used by the Company	<u>\$ 48,946</u>	<u>\$ 47,268</u>

Assets used by the Company

	<u>Machinery and equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and fixtures</u>	<u>Miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Cost</u>						
Balance on January 1, 2020	\$ 61,285	\$ 2,810	\$ 10,381	\$ 56,923	\$ 17,452	\$ 148,851
Add	-	-	307	-	-	307
Reclassification	11,357	-	-	5,670	-	17,027
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,369)</u>	<u>(2,369)</u>

	<u>Machinery and equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and fixtures</u>	<u>Miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Balance on December 31, 2020	\$ 72,642	\$ 2,810	\$ 10,688	\$ 62,593	\$ 15,083	\$ 163,816
<u>Accumulated</u>						
<u>Depreciation</u>						
Balance on January 1, 2020	\$ 33,910	\$ 2,810	\$ 9,252	\$ 41,859	\$ 13,752	\$ 101,583
Depreciation Expense	7,001	-	487	7,091	1,077	15,656
Disposal	-	-	-	-	(2,369)	(2,369)
Balance on December 31, 2020	\$ 40,911	\$ 2,810	\$ 9,739	\$ 48,950	\$ 12,460	\$ 114,870
Net Amount on December 31, 2020	\$ 31,731	\$ -	\$ 949	\$ 13,643	\$ 2,623	\$ 48,946
<u>Cost</u>						
Balance on January 1, 2019	\$ 60,201	\$ 2,810	\$ 10,381	\$ 53,857	\$ 17,202	\$ 144,451
Add	-	-	-	430	-	430
Reclassification	1,084	-	-	3,026	250	4,360
Disposal	-	-	-	(390)	-	(390)
Balance on December 31, 2019	\$ 61,285	\$ 2,810	\$ 10,381	\$ 56,923	\$ 17,452	\$ 148,851
<u>Accumulated</u>						
<u>Depreciation and Impairment</u>						
Balance on January 1, 2019	\$ 26,250	\$ 2,694	\$ 8,135	\$ 34,704	\$ 11,667	\$ 83,450
Depreciation Expense	7,660	116	1,117	7,545	2,085	18,523
Disposal	-	-	-	(390)	-	(390)
Balance on December 31, 2019	\$ 33,910	\$ 2,810	\$ 9,252	\$ 41,859	\$ 13,752	\$ 101,583
Net Amount on December 31, 2019	\$ 27,375	\$ -	\$ 1,129	\$ 15,064	\$ 3,700	\$ 47,268

There was no indication of an impairment loss; therefore, the Group did not perform impairment assessment during the year ended December 31, 2020 and 2019.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows::

Machinery Equipment	3to 10 years
Transportation Equipment	5 years
Furniture and fixtures	3 to 5 years
Miscellaneous equipment	3 to 20 years
Leasehold improvements	3 to 10 years

15. LEASE ARRANGEMENTS

a. Right-of-use Assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amounts		
Buildings	\$ 62,762	\$ 83,236
Transportation equipment	1,393	-
	<u>\$ 64,155</u>	<u>\$ 83,236</u>

	For the Year ended December 31	
	2020	2019
Additions to right-of-use assets	\$ <u>1,433</u>	\$ <u>-</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 20,474	\$ 20,474
Transportation equipment	<u>40</u>	<u>-</u>
	<u>\$ 20,514</u>	<u>\$ 20,474</u>

b. Lease Liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current	\$ <u>21,343</u>	\$ <u>20,619</u>
Non-current	\$ <u>42,429</u>	\$ <u>61,566</u>

Discounted rate ranges of lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Buildings	3%	3%
Transportation equipment	5.69%	-

c. Material lease-in activities and terms

The Company also leased certain buildings for the use as plant and office in a period of 5 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year ended December 31	
	2020	2019
Expenses relating to low-value asset leases	\$ <u>201</u>	\$ <u>280</u>
Total cash outflow for lease	(\$ <u>22,113</u>)	(\$ <u>22,149</u>)

The Company has selected to apply the exemption of recognition to certain office equipment leases conforming to low-value asset leases, and does not recognize the relevant right-to-use assets and lease liabilities for such leases.

The Company has no lease commitments commencing after the balance sheet date during the non-leasehold period in 2020 and as of December 31, 2019.

16. OTHER INTANGIBLE ASSETS

	<u>Computer Software</u>
<u>Cost</u>	
Balance on January 1, 2020	\$ 20,179
Additions	-
Disposal	(<u>1,800</u>)
Balance on December 31, 2020	<u>\$ 18,379</u>

<u>Accumulated amortization</u>	
Balance on January 1, 2019	\$ 12,960
Amortization expenses	3,192
Disposal	(<u>1,800</u>)
Balance on December 31, 2020	<u>\$ 14,352</u>
Carrying amount on December 31, 2020	<u>\$ 4,027</u>
<u>Cost</u>	
Balance on January 1, 2019	\$ 19,279
Additions	<u>900</u>
Balance on December 31, 2019	<u>\$ 20,179</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2019	\$ 9,611
Amortization expenses	<u>3,349</u>
Balance on December 31, 2020	<u>\$ 12,960</u>
Carrying amount on December 31, 2019	<u>\$ 7,219</u>

Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 3 ~ 10 years

	<u>2020</u>	<u>2019</u>
Amortization expenses summarized by function		
Operating costs	\$ -	\$ -
Selling and marketing expenses	108	102
General and administrative expenses	2,714	2,677
Research and development expenses	<u>370</u>	<u>570</u>
	<u>\$ 3,192</u>	<u>\$ 3,349</u>

17. OTHER ASSETS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Prepayments		
Prepayment for purchases and expenses	\$ 2,440	\$ 5,543
Other current assets		
Temporary debits and Payment for others	<u>30</u>	<u>53</u>
	<u>\$ 2,470</u>	<u>\$ 5,596</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 3,888	\$ 4,025
Refundable deposits	582	82
Overdue receivables	30	30
Allowance for impairment loss - overdue receivables	(<u>30</u>)	(<u>30</u>)
	<u>\$ 4,470</u>	<u>\$ 4,107</u>

18. NOTES AND ACCOUNTS PAYABLE

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes payable</u>		
Non-trade	\$ -	\$ 11
<u>Accounts payable</u>		
Accounts payable	\$ 123,026	\$ 165,801
Accounts payable - related parties	43,392	66,465
	<u>\$ 166,418</u>	<u>\$ 232,266</u>

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER LIABILITIES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Other payables		
Accrued commissions	\$ 2,244	\$ 2,256
Payables for salaries or bonuses	46,028	56,375
Payables for annual leave	7,750	7,500
Payables for compensation of employees and remuneration of directors (Note 24)	24,700	25,300
Other payables-related party (Note 30)	955	2,325
Payables for purchases of equipment	-	860
Payable for service	1,380	1,265
Accrued freights	1,770	2,202
Other	9,518	6,044
	<u>\$ 94,345</u>	<u>\$ 104,127</u>
<u>Contract liability</u>		
Advance payment	\$ 30,466	\$ 39,767
Others liability		
Others	\$ 2,296	\$ 2,289

20. PROVISIONS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Warranties*	\$ 3,285	\$ 11,164
<u>Non-current</u>		
Warranties*	\$ 2,239	\$ 6,960
	Warranty	
	2020	2019
Balance on January 1	\$ 18,124	\$ 27,015

Amount used	(7,010)	(13,085)
Additional provisions recognized	-	4,194
Reversal of unused portion	(5,590)	-
Balance on December 31	<u>\$ 5,524</u>	<u>\$ 18,124</u>

*The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under sale of goods legislation. The estimate had been made on the basis of historic warranty trends, and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows::

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligation \$ Fair value of plan assets	\$ 22,031	\$ 21,342
Present value of defined benefit obligation \$ Fair value of plan assets	(6,987)	(6,090)
Allocation for deficiency	<u>15,044</u>	<u>15,252</u>
Net defined benefit liabilities (assets)	<u>\$ 15,044</u>	<u>\$ 15,252</u>

Movements in net defined benefit liabilities (assets) were as follows::

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2019	<u>\$ 20,609</u>	(<u>\$5,209</u>)	<u>\$ 15,400</u>
Service cost			
Service cost of current period	-	-	-
Net interest expense (income)	<u>207</u>	(<u>56</u>)	<u>151</u>
Recognized in loss (profit)	<u>207</u>	(<u>56</u>)	<u>151</u>
Remeasurement			

Return on plan assets (other than amounts included in net interest)	\$ -	(\$ 172)	(\$ 172)
Actuarial loss – change in demographic assumptions	32	-	32
Actuarial loss – changes in financial assumptions	514	-	514
Actuarial loss – experience adjustments	(<u>20</u>)	-	(<u>20</u>)
Recognized in other comprehensive loss (gain)	<u>526</u>	(<u>172</u>)	<u>354</u>
Contributions from employer	<u>-</u>	(<u>653</u>)	(<u>653</u>)
Balance on December 31, 2019	<u>21,342</u>	(<u>6,090</u>)	<u>15,252</u>
Service cost			
Service cost of current period	-	-	-
Net interest expense (income)	<u>160</u>	(<u>48</u>)	<u>112</u>
Recognized in loss (profit)	<u>160</u>	(<u>48</u>)	<u>112</u>
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(189)	(189)
Actuarial loss – change in demographic assumptions	144	-	144
Actuarial loss – changes in financial assumptions	538	-	538
Actuarial loss – experience adjustments	(<u>153</u>)	-	(<u>153</u>)
Recognized in other comprehensive loss (gain)	<u>529</u>	(<u>189</u>)	<u>340</u>
Contributions from employer	<u>-</u>	(<u>660</u>)	(<u>660</u>)
Balance on December 31, 2020	<u>\$ 22,031</u>	(<u>\$ 6,987</u>)	<u>\$ 15,044</u>

The amount recognized as profit or loss for the defined benefit plan is summarized by function as follows:

	For the Year ended December 31	
	2020	2019
Operating expense	\$ 26	\$ 42
Selling and marketing expenses	19	31
General and administrative expenses	42	38
Research & development expense	<u>25</u>	<u>40</u>
	<u>\$ 112</u>	<u>\$ 151</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the

future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate(s)	0.50%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%
Death rate	According to the fifth mortality experience table of Taiwan life insurance industry	According to the fifth mortality experience table of Taiwan life insurance industry
Disability rate	According to 10% of expected mortality rate	According to 10% of expected mortality rate

Employee turnover rate

Based on the empirical data of consolidated company on the turnover rate of the Company in the past and the future trend, the revised data were adopted.

<u>Age</u>	<u>2020</u>	<u>2019</u>
20 years old ~ 30 years old	6% ~ 10%	7% ~ 13.0%
35 years old ~ 60 years old	0% ~ 4%	0% ~ 5.0%

The turnover rate under 20 years old shall be calculated as 20 years old; the turnover rate of each age group shall be calculated in the way of internal difference.

Voluntary retirement rate

Assuming that Z is the earliest retirement age for individual employees

<u>Age</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Z	15%	15%
Z + 1 ~ 64	3%	3%
65	10%	100%

However, the voluntary retirement rate of individual employees shall not be less than 1.5 times of the turnover rate for the same age adopted by the Company.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate(s)		
0.25% increase	(\$ 540)	(\$ 514)
0.25% decrease	\$ 562	\$ 537
Discount rate(s)		
0.25% increase	\$ 546	\$ 522
0.25% decrease	(\$ 527)	(\$ 503)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The expected contributions to the plan for the next year	\$ <u>676</u>	\$ <u>672</u>
The average duration of the defined benefit obligation	9.9 years	9.8 years

22. EQUITY

a. Share capital

Common Stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	<u>38,255</u>	<u>38,255</u>
Shares issued	<u>\$ 382,549</u>	<u>\$ 382,549</u>

The authorized shares include 4,000 thousand shares allocated for the exercise of employee stock options

b. Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	\$ 396,393	\$ 400,600
Less : Cash dividend issued from additional paid-in capital	(<u>9,564</u>)	(<u>4,207</u>)
	<u>\$ 386,829</u>	<u>\$ 396,393</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 24, (g).

Taking into account future capital expenditure requirements and long-term financial planning of the Company, the total dividends paid in any given year may not be less than 50% of the distributable earnings in that year. However, cumulative distributable earnings cannot be distributed if it is less than 20% of the total paid-up capital. Dividends could be distributed either through cash or shares, and cash dividends shall not be less than 10% of the total dividends for the year.

An appropriation of earnings to a legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 that were approved in the shareholders' meetings on June 9, 2020 and June 10, 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 20,636	\$ 18,628
Special reserve	2,702	(16)
Cash dividends	181,710	167,939
Cash dividends (additional paid-in capital)	9,564	4,207
Cash dividends per share (NT\$)	5	4

In addition, the General Shareholders' Meeting of the Company resolved on June 9, 2020 and June 10, 2019 to release the capital reserves of NT\$9,564,000 and NT\$4,207,000 respectively in cash.

The appropriation of earnings for 2020 was proposed by the Company's board of directors on March 23, 2021. The appropriation and dividends per share were as follows:

Legal reserve	\$ 20,859
Reversal of special reserves	(2,728)
Cash dividends	191,274
Cash dividends per share (NT\$)	5

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 11, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning on January 1	\$ 26	\$ 42
Appropriations of special reserves	2,702	-
Reversal of special reserves	-	(16)
Balance on December 31	<u>\$ 2,728</u>	<u>\$ 26</u>

e. Other Equity Items

- 1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Beginning on January 1	(\$ 50)	(\$ 26)
Exchange differences arising on translating the financials statements of foreign operations	2	(31)
Conversion of income tax related to interests arising from net assets of foreign operating agency	(1)	7
Balance on December 31	<u>(\$ 49)</u>	<u>(\$ 50)</u>

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance on January 1	(\$ 2,678)	\$ -
Recognized in current period		
Unrealized gain (loss)-equity instruments	19,752	(2,678)
Other comprehensive Income recognized for the year	19,752	(2,678)
Gain (loss) on disposal of equity instruments transfer to retained earnings	(5,782)	-
Balance on December 31	<u>\$ 11,292</u>	<u>(\$ 2,678)</u>

23. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,698,488	\$ 1,842,758
Design & development revenue	57,754	18,789
Service revenue	13,057	9,925
	<u>\$ 1,769,299</u>	<u>\$ 1,871,472</u>

a. Revenue from Sales to customers

Revenue from the sale of goods

Goods are categorized into computer monitors and customized products for manufacturing engineering. The Group engages in the sale of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract Balance

December 31,	December 31,
2020	2019

Trade receivables (Note 12)	<u>\$ 275,115</u>	<u>\$ 283,273</u>
Contract Liabilities (Note 19)		
Merchandise sales	<u>\$ 30,466</u>	<u>\$ 39,767</u>

The amount recognized as income in the current year from the contract liabilities at the beginning of the year and the performance obligations already met in the earlier period is as follows::

	<u>2020</u>	<u>2019</u>
<u>Contract liabilities at the beginning of the year</u>		
Revenue from sale of goods	<u>\$ 7,010</u>	<u>\$ 13,085</u>
	<u>\$ 7,010</u>	<u>\$ 13,085</u>

c. Division of customer contract revenue

For the year ended December 31, 2020

	<u>Embedded Control</u>	<u>Application specific</u>	<u>Medical Touch</u>	<u>Others</u>	<u>Total</u>
<u>Goods or service</u>					
Revenue from sale of goods	\$ 641,204	\$ 617,098	\$ 294,862	\$ 145,324	\$1,698,488
Service revenue	<u>6,173</u>	<u>6,818</u>	<u>57,814</u>	<u>6</u>	<u>70,811</u>
	<u>\$ 647,377</u>	<u>\$ 623,916</u>	<u>\$ 352,676</u>	<u>\$ 145,330</u>	<u>\$1,769,299</u>

For the year ended December 31, 2019

	<u>Embedded Control</u>	<u>Application specific</u>	<u>Medical Touch</u>	<u>Others</u>	<u>Total</u>
<u>Goods or service</u>					
Revenue from sale of goods	\$ 818,316	\$ 552,906	\$ 334,733	\$ 136,803	\$1,842,758
Service revenue	<u>3,146</u>	<u>4,908</u>	<u>20,634</u>	<u>26</u>	<u>28,714</u>
	<u>\$ 821,462</u>	<u>\$ 557,814</u>	<u>\$ 355,367</u>	<u>\$ 136,829</u>	<u>\$1,871,472</u>

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Bank deposits	\$ 2,251	\$ 5,372
Financial assets at amortized cost	<u>1,570</u>	<u>1,218</u>
	<u>\$ 3,821</u>	<u>\$ 6,590</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Dividend income	\$ 2,242	1,818

Others	<u>148</u>	<u>119</u>
	<u>\$ 2,390</u>	<u>\$ 1,937</u>

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain (loss) on financial instruments		
Mandatorily measured at FVTPL	\$ 3,920	\$ 833
Net foreign exchange gain (losses)	(24,805)	(10,619)
Others	<u>(95)</u>	<u>(78)</u>
	<u>(\$ 20,980)</u>	<u>(\$ 9,864)</u>

d. Financial Costs

	For the Year Ended December 31	
	2020	2019
Interest on lease liabilities	<u>(\$ 2,066)</u>	<u>(\$ 2,432)</u>

There was no interest capitalization in 2020 and 2019.

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of deprecation by function		
Operating costs	\$ 10,642	\$ 10,328
Operating expenses	<u>25,528</u>	<u>28,669</u>
	<u>\$ 36,170</u>	<u>\$ 38,997</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>3,192</u>	<u>3,349</u>
	<u>\$ 3,192</u>	<u>\$ 3,349</u>

f. Employees' Benefit Expenses

	For the Year Ended December 31	
	2020	2019
Short-term benefits	<u>\$ 186,458</u>	<u>\$ 206,139</u>
Post-employment benefits(Note 21)		
Defined contribution plans	5,992	5,924
Defined benefit plans	<u>112</u>	<u>151</u>
	<u>6,104</u>	<u>6,075</u>
Other employee benefits	<u>7,900</u>	<u>7,144</u>
Total employee benefits expense	<u>\$ 200,462</u>	<u>\$ 219,358</u>

	For the Year Ended December 31	
	2020	2019
An analysis of employee benefits expense by function		
Operating costs	\$ 54,497	\$ 54,879
Operating expenses	<u>145,965</u>	<u>164,479</u>
	<u>\$ 200,462</u>	<u>\$ 219,358</u>

Compensation policies

1. The Board of Directors is authorized to determine the compensation to directors of the company by their participation and contribution to the company's operation and take general pay levels in the industry into consideration, regardless of the earnings or loss.
2. Policies for employees and managers
 - a. The policy of compensation to employees shall take into account the general pay levels in the industry, the individual performance assessment, time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions. The compensation to employees mainly includes monthly salary, performance bonus and year-end bonus.
 - b. The policy of compensation to president, vice president and position in equivalent shall take into account the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company. The remuneration committee shall provide the proposal for execution after it is passed by the Board of Directors. achievement of short-term and long-term business goals and the financial position of.
 - c. Where there is annual profit (the so-called profit is rereferred to the income before tax without deduction of compensations to employees and directors and supervisors), 7.5%~10% and no more than 3% shall be set aside for compensation to employees and directors. However, if there is still loss in the Company, the amount to recover the loss shall be reserved first. The employees eligible for the compensation shall also include the employees of subsidiaries as satisfactory to certain conditions.
- g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation at the rates of no less than 7.5%~10% and remuneration of directors at the rates of no higher than 3%, of net profit before income tax, employees' compensation, and remuneration of directors. Employees' compensation and the remuneration of directors for the year ended December 31, 2020 and 2019 were approved by the Board of Directors on March 23, 2021 and March 16, 2020, respectively, and are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	7.5%	7.5%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2020	2019
Employees' compensation	<u>\$ 20,600</u>	<u>\$ 21,170</u>
Remuneration of directors	<u>\$ 4,100</u>	<u>\$ 4,200</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain and loss on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	\$ 26,533	\$ 23,725
Foreign exchange losses	(51,338)	(34,344)
Net gain (loss)	<u>(\$ 24,805)</u>	<u>(\$ 10,619)</u>

i. The reversal of impairment of non-financial instruments

	For the Year Ended December 31	
	2020	2019
Inventories (included in costs of goods sold)	<u>(\$ 10,000)</u>	<u>\$ 2,187</u>

25. INCOME TAXES RELATING TO CONTINUING OPERATION

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current period	\$ 47,239	\$ 51,799
Adjustment for the prior year	(1,828)	(508)
Surtax on undistributed retained earnings	<u>65</u>	<u>10</u>
	<u>45,476</u>	<u>51,301</u>
Deferred tax		
In respect of the current period	<u>1,207</u>	(1,051)
Income tax expense recognized in profit or loss	<u>\$ 46,683</u>	<u>\$ 50,250</u>

A reconciliation of accounting profit and income tax expense recognized in profit or loss is as follows:

For the Year Ended December 31	
2020	2019

Income before income tax	<u>\$ 249,758</u>	<u>\$ 256,891</u>
Income tax expense calculated at the statutory rate	\$ 49,951	\$ 51,378
Non-deductible tax loss	(1,475)	(527)
Surtax on undistributed retained earnings	65	10
Unrecognized net operating loss	(1,828)	(508)
Unrecognized deductible temporary difference	(<u>30</u>)	(<u>103</u>)
Adjustments for prior year	<u>\$ 46,683</u>	<u>\$ 50,250</u>

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Income Tax Recognized in Other Consolidated Profit or Loss

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	(\$ 1)	\$ 7
Remeasurement on defined benefit plans	<u>68</u>	<u>70</u>
	<u>\$ 67</u>	<u>\$ 77</u>

c. Current income tax assets and liabilities

	December 31, 2020	December 31, 2019
Current tax liabilities		
Income tax payable	<u>\$ 22,063</u>	<u>\$ 28,696</u>

d. Deferred tax assets and liabilities

The movements of deferred assets and liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Financial liabilities at FVPL	(\$ 3)	\$ 3	\$ -	\$ -
Long-term investment accounted for using the equity method	<u>-</u>	(<u>55</u>)	<u>-</u>	(<u>55</u>)
	(<u>\$ 3</u>)	(<u>\$ 52</u>)	<u>\$ -</u>	(<u>\$ 55</u>)
<u>Deferred tax assets</u>				
Defined benefit retirement plan	\$ 234	(\$ 109)	\$ 68	\$ 193
Impairment loss on inventories	6,079	2,000	-	8,079
Debt provision	3,625	(2,520)	-	1,105
Accrued warranty expense	453	-	-	453
Allowances for bad debts exceeding the limit	-	764	-	764
Foreign operating agency exchange difference	13	-	(1)	12

	<u>Opening Balance</u>	<u>Recognized in Profit (Loss)</u>	<u>Recognized in Other Comprehensive Income (Loss)</u>	<u>Closing Balance</u>
Unrealized exchange difference	3,077	(1,580)	-	1,497
Financial liabilities measured at fair value through profits and losses	-	240	-	240
Other	<u>1,500</u>	<u>50</u>	<u>-</u>	<u>1,550</u>
	<u>\$ 14,981</u>	<u>(\$ 1,155)</u>	<u>\$ 67</u>	<u>\$ 13,893</u>

For the year ended December 31, 2019

	<u>Opening Balance</u>	<u>Recognized in Profit (Loss)</u>	<u>Recognized in Other Comprehensive Income (Loss)</u>	<u>Closing Balance</u>
<u>Deferred tax liabilities</u>				
<u>Temporary differences</u>				
Financial liabilities at FVTPL	\$ -	(\$ 3)	\$ -	(\$ 3)
<u>Deferred tax assets</u>				
Defined benefit retirement plan	\$ 264	(\$ 100)	\$ 70	\$ 234
Impairment loss on inventories	6,516	(437)	-	6,079
Debt provision	5,403	(1,778)	-	3,625
Accrued warranty expense	453	-	-	453
Foreign operating agency exchange difference	6	-	7	13
Unrealized exchange difference	315	2,762	-	3,077
Other	<u>893</u>	<u>607</u>	<u>-</u>	<u>1,500</u>
	<u>\$ 13,850</u>	<u>\$ 1,054</u>	<u>\$ 77</u>	<u>\$ 14,981</u>

- e. Deductible temporary differences of deferred income tax assets not recognized in the balance sheet

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Deductible temporary difference		
Long-term investment by equity method	<u>\$ -</u>	<u>\$ 151</u>

- f. Income Tax Assessment

The Company's business income tax declarations over the years have been verified by the taxing authority to 2018.

26. EARNINGS PER SHARE

27. Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Basic earnings per share		
From continuing operation	<u>\$ 5.31</u>	<u>\$ 5.40</u>
Total	<u>\$ 5.31</u>	<u>\$ 5.40</u>
Diluted earnings per share		
From continuing operation	<u>\$ 5.25</u>	<u>\$ 5.35</u>
Total	<u>\$ 5.25</u>	<u>\$ 5.35</u>

Earnings per share and weighted average number of common shares used to calculate the earnings per share are as follows:

Net profit for the year

	<u>2020</u>	<u>2019</u>
Net profit for the year	<u>\$ 203,075</u>	<u>\$ 206,641</u>
Net profit used to calculate the basic earnings per share	<u>\$ 203,075</u>	<u>\$ 206,641</u>
Net profit used to calculate the diluted earnings per share	<u>\$ 203,075</u>	<u>\$ 206,641</u>

Unit: In Thousand Shares

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	38,255	38,255
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>391</u>	<u>389</u>
Weighted average of ordinary shares outstanding in computation of dilutive earnings per share	<u>38,646</u>	<u>38,644</u>

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company presumed that the entire amount of the bonus or remuneration would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CASH FLOW INFORMATION

a. Non-cash transaction

For the year ended December 31, 2020 and 2019, the Company entered into the following non-cash investing and financing activities :

- 1) The Company reclassified prepayments for equipment amounting to \$17,027 and \$4,360 thousand to property, plant and equipment for the year ended December 31, 2020 and 2019, respectively.
- 2) The Company prepaid equipment and acquired property, plant, and equipment in the year ended December 31, 2020 and 2019, resulting in decrease in other payables by \$860 thousand and increase by \$860 thousand, respectively.
- 3) The Company reclassified prepaid equipment to other intangible assets amounting to \$671 thousand in the year ending December 31, 2019.
- 4) For the year ended December 31, 2019, lease obligation decreased \$2,088 thousand due to decrease in advance payment..

b. Changes in Liabilities from Fund-raising Activities

	<u>January 1, 2020</u>	<u>Cash Flow</u>	<u>Increase or decrease in lease</u>	<u>Non-cash flow interest amortization</u>	<u>December 31, 2020</u>
Lease Liabilities	<u>\$ 82,185</u>	<u>(\$ 21,912)</u>	<u>\$ 1,433</u>	<u>\$ 2,066</u>	<u>\$ 63,772</u>

	<u>January 1, 2019</u>	<u>Cash Flow</u>	<u>Non-cash flow interest amortization</u>	<u>December 31, 2019</u>
Lease Liabilities	<u>\$ 101,622</u>	<u>(\$ 21,869)</u>	<u>\$ 2,432</u>	<u>\$ 82,185</u>

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Company engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Company

The Company is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company believes the carrying amounts of financial assets and financial liabilities not measured at fair value that are very close to maturity or whose future prices equals their carrying amounts, approximates their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

Balance as of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	<u>\$ 12,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,354</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity				
Securities listed in ROC	<u>\$ 43,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,607</u>

Balance as of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	<u>\$ 3,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,036</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity				
Securities listed in ROC	<u>\$ 14,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,892</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatory at FVTPL	\$ 12,354	\$ 3,036
Financial assets at amortized (Note 1)	1,004,209	1,124,980
Financial assets at FVTOCI equity instruments		
Investments in equity instruments	43,607	14,892
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	260,763	336,404

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivables, other receivables and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes payable, accounts payables, and other payable.

d. Financial risk management objectives and policiet

The Company's major financial instruments included equity and debit investments, accounts receivables, accounts payables and Lease liabilities. The Group's Corporate Treasury monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market Risk

The Group's activities exposed it primarily to financial risks of changes in foreign currency exchange rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company's had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and as for the carrying amounts of derivatives exposing to foreign currency risk at the end of the reporting period, refer to Note 32.

Sensitivity Analysis

The Company was mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 1% increase in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in exchange rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite

impact on pre-tax profit, and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2020	2019
Profit and Loss	<u>\$ 3,430</u>	<u>\$ 4,304</u>

- (i) This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables and accounts payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to foreign currency increase during the current year mainly due to the increase of accounts receivable balance in the USD. In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest Rate Risk

The Company evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
— Financial assets	<u>\$ 374,314</u>	<u>\$ 429,994</u>
Cash flow interest rate risk		
— Financial assets	<u>\$ 345,608</u>	<u>\$ 400,508</u>

Sensitivity Analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the year ended December 31, 2020 and 2019 would increase/decrease by \$3,456 thousand and \$4,005 thousand, which was mainly attributable to the Company's exposure to the floating-interest rates on bank deposits.

The Company's sensitivity to interest rates reduced during the year, mainly affected by the decrease in bank deposits with variable interest rates.

c) Other Price Risk

The Company was exposed to equity price risk through its investments in mutual funds. The Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity Analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 3% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2020 and 2019 would have increased/decreased by \$1,308 thousand and \$447 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 3% higher/lower, the pre-tax profit for the year ended December 31, 2020, and 2019, would have increased/decreased by \$371 thousand and \$91 thousand, as a result of the changes in fair value of financial assets at FVTPL.

The Company's sensitivity to equity prices reduced in the current year, mainly due to a decrease in investments in fund beneficiary certificates.

2) Credit Risk

Credit risk refers to the risk of the company's financial losses caused by the counterparty's default of contractual obligations. As of the balance sheet date, the maximum credit risk exposure of the company that may cause financial losses due to the counterparty's failure to perform its obligations and the company's financial guarantees (the maximum irrevocable maximum exposure amount that does not consider collateral or other credit enhancement tools) mainly from:

- a) The book value of financial assets recognized on the individual's balance sheet.
- b) The amount of contingent liabilities arising from the financial guarantee provided by the company.

Financial assets are potentially affected by the failure of the Company's counterparties to fulfill their contractual obligations. The Company's credit risk is evaluated based on contracts whose fair value at the end of the financial reporting period is positive. The Company's counterparties are financial institutions and companies with sound credit ratings. The Company has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. The Company has signed a contract with the bank to sell accounts receivable, and there is no need to guarantee to the ability of debtors in accounts receivable to affect fulfillment of debt obligations due to credit risk within the bank's underwriting limit. Hence, the management of the Company believes that the credit risk of the Company has declined significantly

Ongoing credit evaluation is performed on the status of accounts receivables and, where appropriate, credit guarantee insurance cover would be purchased.

Accounts receivable from customers exceeding 5% of the total accounts receivable accounted for 72.02% and 66.21% of the Company's accounts receivable balance as of December 31, 2020 and 2019, respectively.

The maximum credit exposure of the Company is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity Risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company's available unutilized bank loan facilities set out in section (b) below.

- a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest possible repayment date of the company and is compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). The maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

December 31, 2020

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ -	\$ -
Trade payable	166,418	-
Other payable	94,345	-
Lease liabilities	<u>22,387</u>	<u>46,387</u>
	<u>\$283,150</u>	<u>\$46,387</u>

Further information on maturity analysis of lease liabilities is as follows:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 22,387</u>	<u>\$ 46,387</u>

December 31, 2019

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ 11	\$ -
Trade payable	232,266	-
Other payable	104,127	-
Lease liabilities	<u>21,869</u>	<u>75,821</u>
	<u>\$ 358,273</u>	<u>\$ 75,821</u>

Further information on maturity analysis of lease liabilities is as follows:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 21,869</u>	<u>\$ 75,821</u>

b) Financing facilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured bank overdraft facilities		
— Amount used	\$ 10,000	\$ 10,000
— Amount unused	<u>183,920</u>	<u>189,920</u>
	<u>\$ 193,920</u>	<u>\$ 199,920</u>

30. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is Promate Electronic Co., Ltd., which held 66.21% of the Company's ordinary shares on December 31, 2020 and 2019.

Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of related parties

Name	Related Party Category
Promate Electronic Co., Ltd.	Parent company of the Company
PROMATE JAPAN CO., LTD.	Subsidiary
Promate Electronic (Shenzhen) Co., Ltd.	Fellow subsidiary company
Promate Electronic (Shanghai) Co., Ltd.	Fellow subsidiary company
PROMATE ELECTRONICS COMPANY USA	Fellow subsidiary company
Weikeng Industrial Co., Ltd.	Substantive Party - Chairman is the Director of the Company
HIGGSTEC INC.	Principal management - parent company of the Company is the corporate director of the Company

b. Operating revenues

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Sale of goods	The Company's Parent company	\$ 20,506	\$ 25,109
	Subsidiary of Promate	61	469
	Managerial level	1,751	-
		<u>\$ 22,318</u>	<u>\$ 25,578</u>
Repairs	The Company's Parent company	<u>\$ 45</u>	<u>\$ 88</u>

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Promate Electronic Co., Ltd	\$ 258,491	\$ 234,530
Substantive related party-chairman is a director of the Company	39,793	28,219
Managerial level	12,494	4,227
	<u>\$ 310,778</u>	<u>\$ 266,976</u>

The terms of sale and purchase and the period of credit between the Company and related parties are not materially different from those of other customers and suppliers of the Company.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31,	December 31,
		2020	2019
Account Receivable	Parent Company	<u>\$ 5,167</u>	<u>\$ 4,964</u>

The related-party transactions were conducted under normal terms.

e. Payables to related parties (excluding borrowings from related parties)

Line Item	Related Party Category/Name	December 31,	December 31,
		2020	2019
Accounts payable	Promate Electronic Co., Ltd	\$ 34,739	\$ 47,345

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	Substantive related party-chairman is a director of the Company	6,740	16,484
	Managerial level	<u>1,913</u>	<u>2,636</u>
		<u>\$ 43,392</u>	<u>\$ 66,465</u>
Other payables	Subsidiary of Pormate	<u>\$ 955</u>	<u>\$ 2,325</u>

The outstanding accounts payables to related parties are unsecured.

f. Lease agreements

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease liabilities	Promate Electronic Co., Ltd	\$ 31,819	\$ 42,272
	Substantive related party-chairman is a director of the Company	<u>3,808</u>	<u>5,078</u>
		<u>\$ 35,627</u>	<u>\$ 47,350</u>

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Interest expense</u>		
Promate Electronic Co., Ltd	\$ 1,047	\$ 1,244
Substantive related party - chairman is a director of the Company	<u>123</u>	<u>159</u>
	<u>\$ 1,170</u>	<u>\$ 1,403</u>

<u>Lessor</u>	<u>Location</u>	<u>Lease Term Payment Method</u>
Promate Electronic Co., Ltd	Chingpu Plant	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT\$929,000.
Substantive related party-chairman is a director of the Company	Office building along Huanshan Road, Neihu District	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT\$111,000.

g. Other transactions with related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2020</u>	<u>2019</u>
Research and development expense	Promate Electronic Co., Ltd	\$ 1,395	\$ 1,106
	Substantive related party-chairman is a director of the Company	424	567
	Managerial level	<u>1,033</u>	<u>603</u>
		<u>\$ 2,852</u>	<u>\$ 2,276</u>
Professional	Promate Electronics Company USA	<u>\$ 9,342</u>	<u>\$ 15,379</u>

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2020</u>	<u>2019</u>
service fees			
IT information expense	Promate Electronic Co., Ltd	\$ 2,580	\$ 2,580

h. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 26,636	\$ 32,057
Other long-term employee benefits	559	559
	<u>\$ 27,195</u>	<u>\$ 32,616</u>

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2020 and 2019 were as follows:

- As of December 31, 2020 and 2019, the Company has all issued letters of guarantee for tariff guarantee amounted to \$10,000 thousand.
- As of December 31, 2020 and 2019, commitments due to contracts for the acquisition of equipment were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Contract amount	\$ 11,380	\$ 12,897
Paid amount	(3,888)	(4,025)
Unpaid amount	<u>\$ 7,492</u>	<u>\$ 8,872</u>

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and functional currencies were as follows:

December 31, 2020

<u>Foreign currency assets</u>	Unit: In Thousands for Currencies, Except Exchange Rates		
	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Monetary Item</u>			
US Dollars	\$ 15,974	28.48 (USD: TWD)	\$ 454,940
Euro	116	35.02 (EUR: TWD)	5,813
			<u>\$ 460,753</u>

Non-monetary Item

Subsidiaries with the Equity

Law JPY	10,877	0.276 (JYP: TWD)	<u>\$ 3,002</u>
<u>Foreign currency liabilities</u>			
<u>Monetary Item</u>			
USD	3,931	29.48 (USD: TWD)	<u>\$ 111,955</u>

December 31, 2019

	Unit: In Thousands for Currencies, Except Exchange Rates		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary Item</u>			
US Dollars	\$ 19,754	29.98 (USD: TWD)	\$ 592,235
Euro	118	33.59 (EUR: TWD)	3,959
Pound	86	39.36 (GBR: TWD)	<u>3,392</u>
			<u>\$ 599,586</u>
<u>Non-monetary Item</u>			
Subsidiaries with the Equity			
Law			
JPY	9,335	0.276 (JYP: TWD)	<u>\$ 2,576</u>
<u>Foreign currency liabilities</u>			
<u>Monetary Item</u>			
USD	5,398	29.98 (USD: TWD)	<u>\$ 161,841</u>

The Company is mainly exposed to the fluctuations other than USD. For the year ended December 31, 2020 and 2019, realized foreign exchange gains(losses) were \$(28,079) thousand and \$4,766 thousand, respectively; Unrealized foreign exchange gains(losses) were \$3,274 thousand and \$(15,385) thousand for the year months ended December 31, 2020 and 2019, respectively.

33. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and b. information on investee
 - 1) Financing provided to others. (None)
 - 2) Endorsement/guarantee provided. (None)
 - 3) Marketable securities held. (Table 1)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 2)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in

capital. (None)

9) Trading in derivative instruments. (None).

10) Information of investees. (Table 4).

c. Information on investments in mainland China (None).

d. Information of major shareholders: The following is the information of major shareholders: Name of major shareholder, number of shares owned and percentage of ownership of shareholders whose percentage of ownership of shareholders is higher than 5%. (Table 5).

TABLE 1**PROMATE SOLUTIONS CORPORATION****MARKETABLE SECURITIES HELD****December 31, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2020				Note (Note 4)
				Number of Shares	Carrying Amount (Noted 3)	Percentage of Ownership (%)	Fair Value	
Promate Solutions Corporation	<u>Foreign debt investment instrument</u>							
	PERTAMINA	None	Financial assets at amortized cost - current		\$ 28,715		\$ 28,715	Domestic Public Companies
					USD 1,008		USD 1,008	
	CITIC Group Corporation Ltd.	"	"		28,567		28,567	
					USD 1,003		USD 1,003	
	Corporacion Nacional del Cobre de Chile	"	"		28,517		28,517	
				USD 1,001		USD 1,001		
	Bank of China	"	"		28,515		28,515	
					<u>USD 1,001</u>		<u>USD 1,001</u>	
					<u>\$ 114,314</u>		<u>\$ 114,314</u>	
Promate Solutions Corporation	<u>Ordinary shares:</u>							
	HIGGSTEC Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,061,000	\$ 43,607		\$ 43,607	"
	Pacific Hospital Supply Co. Ltd.	"	Financial assets at fair value through profit or loss - current	9,598	\$ 672		\$ 672	"
	Global Lighting Technologies (Cayman), Inc.	"	"	35,000	3,920		3,920	"
	Ko Ja (Cayman) Co., Ltd.	"	"	40,000	5,260		5,260	"
	Great Tree Pharmacy Co., Ltd.	"	"	5,352	512		512	"
	Zhong Yang Technology Co. Ltd.	"	"	30,000	1,662		1,662	"
	Power Wind Health Industry Incorporated	"	"	1,256	199		199	"
	M.J. International Co., Ltd.	"	"	2,000	129		129	"
					<u>\$ 12,354</u>		<u>\$ 12,354</u>	

Note 1. Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities as promulgated in IFRS 9 "Financial Instruments."

Note 2. When the issuers of marketable securities are not related parties, this column can be left blank

Note 3. If measured by fair value, please fill in the carrying balance, which is adjusted through fair value valuation with loss allowance deducted, in the carrying amount column; if not measured by fair value, please fill in the carrying balance at amortized cost (loss allowance is already deducted).

Note 4. The number of shares of securities, the amount pledged as security or pledged for loans, and the restrictions on use under some agreements shall be stated in the remarks column if the securities presented herein have such conditions.

Note 5. Please refer to Table 4 for relevant information on investments in subsidiaries.

TABLE 2

PROMATE SOLUTIONS CORPORATION
MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counter Party	Relationship	Beginning Balance		Acquisition (Note 2)		Disposal (Note 2)				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Promate Solutions Corporation	Fund beneficiary certificate—UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	President Securities Corporation	None	-	\$ -	11,316,827	\$ 190,000	11,316,827	\$ 190,166	\$ 190,000	\$ 166	-	\$ -
	Bond—Bank of China.	Financial assets at amortized cost - current	China Bills Finance Corporation Foreign Branch Fund	None	-	-	-	147,674 (USD 5,005)	-	119,016 (USD 4,009)	118,838 (USD 4,004)	178 (Note 4)	-	28,515 (USD 1,001)
	Bond—Citigroup Inc.	Financial assets at amortized cost - current	International Bills Finance Corporation Foreign Bond Branch	None	-	-	-	90,317 (USD 3,004)	-	90,452 (USD 3,008)	90,317 (USD 3,004)	135 (Note 4)	-	-
	Bond—Goldman Sachs group Ltd.	Financial assets at amortized cost - current	International Bills Finance Corporation Foreign Bond Branch	None	-	-	-	89,721 (USD 3,005)	-	89,837 (USD 3,009)	89,721 (USD 3,005)	116 (Note 4)	-	-
	Bond—Mexico Government Bonds.	Financial assets at amortized cost - current	China Bills Finance Corporation Foreign Branch Fund	None	-	-	-	88,589 (USD 3,002)	-	88,635 (USD 3,003)	88,589 (USD 3,002)	46 (Note 4)	-	-
	Bond—Mexico Government Bonds.	Financial assets at amortized cost - current	International Bills Finance Corporation Foreign Bond Branch	None	-	-	-	28,930 (USD 1,000)	-	28,955 (USD 1,001)	28,930 (USD 1,000)	25 (Note 4)	-	-
	Bond—Mizuho Bank, Ltd.	Financial assets at amortized cost - current	International Bills Finance Corporation Foreign Bond Branch	None	-	-	-	120,285 (USD 4,012)	-	120,548 (USD 4,020)	120,285 (USD 4,012)	263 (Note 4)	-	-
	Bond—Mizuho Bank, Ltd.	Financial assets at amortized cost - current	China Bills Finance Corporation Foreign Branch Fund	None	-	-	-	20,328 (USD 674)	-	20,381 (USD 676)	20,328 (USD 674)	53 (Note 4)	-	-
	Bond—Industrial and Commercial Bank of China (Asia) Limited	Financial assets at amortized cost - current	International Bills Finance Corporation Foreign Bond Branch	None	-	-	-	60,120 (USD 2,002)	-	60,202 (USD 2,004)	60,120 (USD 2,002)	82 (Note 4)	-	-
	Bond—Industrial and Commercial Bank of China (Asia) Limited	Financial assets at amortized cost - current	China Bills Finance Corporation Foreign Branch Fund	None	-	-	-	11,409 (USD 387)	-	11,423 (USD 387)	11,409 (USD 387)	14 (Note 4)	-	-

Note 1. Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities.

Note 2. The accumulated amount of purchase and sales shall be calculated separately based on market value to see if the amount exceed NT\$300 million or 20% of the Company's paid-in capital.

Note 3. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

Note 4. Interest received on bonds when they expire under repurchase agreements is recognized as interest income.

TABLE 3**PROMATE SOLUTIONS CORPORATION****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Term	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Solutions Corporation	Promate Electronic Co., Ltd	Parent company	Purchase	\$ 258,491	23.51%	Net 60 days after monthly closing	-	-	Accounts payable \$ 34,739	20.87%	

Note 1. Where related parties' transaction conditions are different from the general ones, the situation and reasons of the differences shall be stated in the column of unit price and credit granting period.

Note 2. In case of advance payment (receipt), the reasons, contractual terms, the amount, and differences from general transactions shall be stated in the remarks column.

Note 3. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

PROMATE SOLUTIONS CORPORATION

**INFORMATION ON INVESTEEES
FOR THE YEAR DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars/Foreign Currency)**

Investor Company	Investee Company (Note 1, 2)	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee (Note 2(2))	Investment Gain (Loss) (Note 2(3))	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
Promate Solutions Corporation	PROMATE JAPAN Inc	Japan	Trade of electronic commodities	\$ 2,791	\$ 2,791	10,000	100%	\$ 3,002	\$ 424	\$ 424	

Note 1. Where a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information on foreign investees may only include the holding company's relevant information.

Note 2. In cases other than those described in Note 1, the following information shall be provided:

- 1) "Investee name," "region," "main business items," "the original investment amount," and "the final stake" shall be filled in in order according to the reinvestment situation of the (public) Company and the reinvestment situation of each investee directly or indirectly controlled, and the relationship between each investee and the (public) Company shall be indicated in the remarks column (e.g., a subsidiary or a sub-subsidiary).
- 2) In the column of "Profit and loss of investee in the current period," the current profit and loss amount of each investee shall be filled in.

Under "investment gains and losses recognized in the current period," only the recognized profit and loss amount of each subsidiary that is directly invested by the (public) Company and each investee assessed by equity method shall be filled in and the rest is not required to be filled in. Under "gains and losses of subsidiaries that are invested directly are recognized for the current period," it shall be confirmed that the gains and losses of the subsidiaries include their investment gains and losses and that it shall be recognized in accordance with the regulations.

TABLE 5**PROMATE SOLUTIONS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****December 31, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Number of Shares
Promate Electronic Co., Ltd	25,327,500	66.21%

Note 1: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.

PROMATE SOLUTIONS CORPORATION
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Statement 1

PROMATE SOLUTIONS CORPORATION

Statement of Cash and Cash Equivalents

December 31, 2020

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

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>
Cash in hand		\$ 873
Cheque deposit		2,460
Current deposit		275,514
Foreign currency deposit	Mainly including USD 2,158,000 (exchange rate of 28.48), JPY 259,000 (exchange rate of 0.2763), EUR 148,000 (exchange rate of 35.02), CNY 4,000 (exchange rate of 4.377), and GBP 1,000 (exchange rate of 38.9)	66,761
Cash equivalents		
Bank time deposit		<u>260,000</u>
		<u>\$ 605,608</u>

Note: Bank time deposit

<u>Deposit bank</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Amount</u>
Mega Commercial Bank	110/1/4	0.34%	\$ 50,000
Mega Commercial Bank	110/2/3	0.34%	30,000
Mega Commercial Bank	110/2/25	0.34%	50,000
Land Bank of Taiwan	110/2/22	0.40%	50,000
Land Bank of Taiwan	110/2/3	0.35%	30,000
Land Bank of Taiwan	110/2/25	0.35%	<u>50,000</u>
			<u>\$ 260,000</u>

PROMATE SOLUTIONS CORPORATION

Statement of Financial Assets Measured at Fair Value through Profit or Loss - Current Assets

December 31, 2020

(In Thousands of New Taiwan Dollars)

Name	Number of Shares	Face value	Total Amount	Interest rate	Acquisition cost	Fair value		Fair value change attributable to change in credit risk	Remarks
						Unit price	Total Amount		
Pacific Hospital Supply Co., Ltd. (PAHSCO)	9,598	10	\$ 672	-	\$ 713	70.0	\$ 672	(\$ 41)	
Global Lighting Technologies (Cayman) Co., Ltd.	35,000	10	3,920	-	4,176	112.0	3,920	(256)	
KO JA (CAYMAN) CO., LTD.	40,000	10	5,260	-	5,809	131.5	5,260	(549)	
Great Tree Pharmacy Co., Ltd.	5,352	10	512	-	474	95.7	512	38	
Zhongyang Optical Co., Ltd.	30,000	10	1,662	-	1,994	155.4	1,662	(332)	
Power Wind Health Industry Incorporated	1,256	10	199	-	259	158.0	199	(60)	
M.J. International Co., Ltd.	2,000	10	<u>129</u>	-	<u>127</u>	64.5	<u>129</u>	<u>2</u>	
			<u>\$ 12,354</u>		<u>\$ 13,552</u>		<u>\$ 12,354</u>	<u>(\$ 1,198)</u>	

Statement 3

PROMATE SOLUTIONS CORPORATION

Statement of Accounts Receivable

December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Client name</u>	<u>Abstract</u>	<u>Amount</u>
Non-related Parties		
B Company	Payment for goods	\$ 117,354
C Company	"	24,705
V Company	"	22,599
J Company	"	21,954
F Company	"	16,272
Others (Note)	"	<u>73,672</u>
		276,556
Minus: allowance for bad debts		(<u>6,608</u>)
		<u>269,948</u>
Related party		
Promate Electronic		<u>5,167</u>
		<u>\$ 275,115</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement 4

PROMATE SOLUTIONS CORPORATION

Statement of Other Receivables

December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>
Other Accounts Payable		
Refund of business tax receivable		\$ 6,667
Refund of tariff receivable		<u>1,923</u>
		<u>\$ 8,590</u>

Statement 5

PROMATE SOLUTIONS CORPORATION

Statement of Inventory

December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Abstract	Amount	
		Cost	Net realizable value
Raw Materials		\$ 124,813	\$ 103,410
Work In Process		24,214	24,214
Finished Products		185,035	166,134
Inventory of merchandise		<u>4,618</u>	<u>4,529</u>
		338,680	<u>\$ 298,287</u>
Minus: allowance for inventory falling price loss		(<u>40,393</u>)	
			<u>\$ 298,287</u>

Note: The determination of the company's net realizable value is as follows:

1. Raw materials: subject to replacement cost or sales market price minus sales cost
2. Work in progress: based on the market price of the finished product minus the cost of sale and the cost of reinvestment
3. Commodity inventory and finished products: The market price minus the cost of sales shall prevail.

Statement 6

PROMATE SOLUTIONS CORPORATION

Statement of Other Current Assets

December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Name</u>	<u>Abstract</u>	<u>Amount</u>
Advance Payments		\$ 1,864
Prepayment		
Others (Note)		<u>576</u>
Total prepayments		2,440
Suspense payment		<u>30</u>
		<u>\$ 2,470</u>

Note: The balance of each item does not exceed 5% of the balance of that item.

PROMATE SOLUTIONS CORPORATION

Statement of Changes in Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss - Non-current Liabilities

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

	<u>Beginning of the Period</u>		<u>Increased in Current Period</u>		<u>Decreased in Current Period</u>		<u>End of the Period</u>		<u>Accumulated Impairment</u>	<u>Provision of Guarantee or Pledge</u>
	<u>Number of Shares</u>	<u>Fair Value</u>	<u>Number of Shares</u>	<u>Amount (Note)</u>	<u>Number of Shares</u>	<u>Provision of Guarantee or Pledge</u>	<u>Number of Shares</u>	<u>Fair Value</u>		
HIGGSTEC INC.	510,000	<u>\$ 14,892</u>	853,000	<u>\$ 43,415</u>	302,000	<u>\$ 14,700</u>	1,061,000	<u>\$ 43,607</u>	<u>\$ -</u>	No

Note: Including the unrealized profits and losses of NT\$19,752,000 on equity instrument investments measured at fair value through other comprehensive profits and losses.

PROMATE SOLUTIONS CORPORATION

Statement of Changes in Investment Accounted for Using the Equity Method

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

	Balance at the Beginning of Period		Increased in Current Period		Decreased in Current Period		Investment profits and losses	Cumulative conversion adjustment	Defined benefits Provision of Guarantee or Pledge	Ending Balance			Evaluation basis	Provision of Guarantee or Pledge
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Shareholding %	Amount		
PROMATE JAPAN CO., LTD.	10,000	\$ 2,576	-	\$ -	-	\$ -	\$ 424	\$ 2	\$ -	10,000	100%	\$ 3,002	Equity Law	No

Statement 9

PROMATE SOLUTIONS CORPORATION

Statement of Other Non-Current Assets

December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>
Refundable Deposits	Consultation deposit	<u>\$ 582</u>
Other non-current assets	Overdue Receivables	30
	Allowance for bad debts -	
	Overdue Receivables	(<u>30</u>)
		<u>-</u>
		<u>\$ 582</u>

PROMATE SOLUTIONS CORPORATION
Statement of Changes in Right-of-use Assets
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Building	Transportation Equipment	Total	Remarks
Cost				
Balance on January 1, 2020	\$ 103,710	\$ -	\$ 103,710	
Increase	-	1,433	1,433	
Decrease	-	-	-	
Balance on December 31, 2020	<u>\$ 103,710</u>	<u>\$ 1,433</u>	<u>\$ 105,143</u>	
Accumulated Depreciation				
Balance on January 1, 2020	\$ 20,474	\$ -	\$ 20,474	
Increase	20,474	40	20,514	
Decrease	-	-	-	
Balance on December 31, 2020	<u>\$ 40,948</u>	<u>\$ 40</u>	<u>\$ 40,988</u>	
Net Amount on December 31, 2020	<u>\$ 62,762</u>	<u>\$ 1,393</u>	<u>\$ 64,155</u>	

PROMATE SOLUTIONS CORPORATION

Statement of Lease Liabilities

December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Lease term</u>	<u>Discount Rate (%)</u>	<u>Current</u>	<u>Non-current</u>	<u>Ending Balance</u>
Building	Mainly used as office	5 years	3%	\$ 20,892	\$ 41,490	\$ 62,382
Transportation Equipment	Mainly used by salesman or warehouse personnel	3 ~ 5 years	5.69%	<u>451</u>	<u>939</u>	<u>1,390</u>
Total				<u>\$ 21,343</u>	<u>\$ 42,429</u>	<u>\$ 63,772</u>

PROMATE SOLUTIONS CORPORATION

Statement of Other Current Liabilities

December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>
Contract Liabilities-Current		
Sales revenue received in advance		
A Company		\$ 15,020
S Company		3,550
Others (Note)		<u>11,896</u>
		<u>\$ 30,466</u>
Others	Agency fund and borrowed inventory	<u>\$ 2,296</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

PROMATE SOLUTIONS CORPORATION

Statement of Accounts Payable

December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Name</u>	<u>Abstract</u>	<u>Amountt</u>
Non-related Parties		
G Company	Payment for goods	\$ 18,148
Other (Note)	"	<u>104,878</u>
		<u>123,026</u>
Related Partie		
Promate Electronic	"	34,739
Weikeng Industrial	"	6,740
HIGGSTEC INC.	"	<u>1,913</u>
		<u>43,392</u>
		<u>\$ 166,418</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement 14

PROMATE SOLUTIONS CORPORATION

Statement of Operating Revenue

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Qty.</u>	<u>Amount</u>
Sales revenue - embedded control system	38,328	\$ 647,377
Sales revenue - special application display	201,648	352,676
Sales revenue – medical used touch display	44,605	623,916
Others	546,966	<u>145,330</u>
		<u>\$ 1,769,299</u>

PROMATE SOLUTIONS CORPORATION**Statement of Operating Costs****For the Year Ended December 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials, beginning of year	\$ 144,544
Additions: Current materials	1,074,203
Finished goods transferred	684,479
Deductions: Raw materials, end of year	(124,813)
Raw materials sold	(93,647)
Transfer to Operating Expenses	(2,192)
Good-out	(1,463)
Obsolete inventory	(2,049)
Raw materials used	1,679,062
Manufacturing expense	175,016
Manufacturing cost	1,854,078
Additions: Work in process, beginning of year	23,328
Deductions: Work in process, end of year	(24,214)
Cost of goods manufactured	1,853,192
Additions: Finished Goods, beginning of year	141,759
Current materials	167
Repairs and maintenance	3,783
Deductions: Finished goods, end of year	(185,035)
Transfer to Raw materials	(684,479)
Transfer to Operating Expenses	(3,219)
Scrap for finished goods	(1,020)
Cost of finished goods	1,125,148
Merchandise, beginning of year	3,247
Additions: Merchandise purchased	39,957
Deductions: Merchandise, end of year	(4,618)
Transfer to Operating Expenses	(830)
Cost of sales	1,162,904
Loss of Inventory Falling Price	10,000
Raw materials sold	93,647
Obsolete inventory	3,069
Cost of sales - Warranty liabilities used	(7,010)
Cost of sales – Reversal for unused balance of warranty	(5,590)
Price and production variance adjustment	(3,172)
	<u>\$ 1,253,848</u>

PROMATE SOLUTIONS CORPORATION

Statement of Operating Expenses

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling Expenses</u>	<u>General & administrative expenses</u>	<u>R&D expenses</u>	<u>Amount</u>
Salary expense	\$ 73,739	\$ 14,653	\$ 45,692	\$ 134,084
Depreciation expense	10,712	4,405	10,411	25,528
R&D expenses	4,159	-	16,035	20,194
Professional service fee	10,670	3,393	43	14,106
Others (Note)	<u>27,653</u>	<u>16,030</u>	<u>11,687</u>	<u>55,370</u>
	<u>\$ 126,933</u>	<u>\$ 38,481</u>	<u>\$ 83,868</u>	<u>\$ 249,282</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

PROMATE SOLUTIONS CORPORATION
Statement of Other Net Profits and Losses
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Abstract	Amount
Non-operating Revenues and Expenses		
Interest Revenues		
Bank interest		\$ 2,251
Financial assets at amortized cost		<u>1,570</u>
Total		<u>3,821</u>
Other Revenues		
Dividend Revenue		2,242
Other		<u>148</u>
Total		<u>2,390</u>
Other gains and losses		
Gain (loss) on financial instruments -Mandatorily measured at FVTPL		3,920
Net foreign exchange gain (losses)		(24,805)
Other		(<u>95</u>)
Total		(<u>20,980</u>)
Share of Profit and Loss of Subsidiaries Using Equity Method		<u>424</u>
Financial Costs	Interest of Lease Liabilities	(<u>2,066</u>)
		(<u>\$ 16,411</u>)

PROMATE SOLUTIONS CORPORATION

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION

For the Year Ended Decembr 31, 2020

(In Thousands of New Taiwan Dollars)

	2020			2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employees' Benefit Expenses						
Salary Expense	\$ 44,347	\$ 126,165	\$ 170,512	\$ 44,739	\$ 145,517	\$ 190,256
Labor and Health Expenses	4,735	7,111	11,846	4,716	6,967	11,683
Pension Expenses	2,285	3,819	6,104	2,230	3,845	6,075
Directors' Remuneration	-	4,100	4,100	-	4,200	4,200
Other Employees Benefit Expenses	3,130	4,770	7,900	3,194	3,950	7,144
Total	<u>\$ 54,497</u>	<u>\$ 145,965</u>	<u>\$ 200,462</u>	<u>\$ 54,879</u>	<u>\$ 164,479</u>	<u>\$ 219,358</u>
Depreciation Expense	<u>\$ 10,642</u>	<u>\$ 25,528</u>	<u>\$ 36,170</u>	<u>\$ 10,328</u>	<u>\$ 28,669</u>	<u>\$ 38,997</u>
Amortization Expense	<u>\$ -</u>	<u>\$ 3,192</u>	<u>\$ 3,192</u>	<u>\$ -</u>	<u>\$ 3,349</u>	<u>\$ 3,349</u>

Note:

- The number of employees for this year and the previous year were 182 and 185 respectively, of which the number of directors who did not serve concurrently was 6 and 6 respectively.
- (1) The average employee benefit expense for the year is NT\$ 1,116,000("Total employee benefit expenses for the year-total director's remuneration"/" Number of employees this year-the number of directors who are not employees")
Average employee benefit expenses in the previous year is NT\$ 1,202,000("Total employee benefit expenses in the previous year-total director's remuneration"/"Number of employees in the previous year-number of directors who were not employees")
- (2) The average employee salary cost of this year is NT\$ 969,000(Total salary expenses for the year/"Number of employees this year-the number of directors who are not employees")
The average employee salary cost of the previous year was NT\$ 1,063,000(Total salary expenses of the previous year/" Number of employees this year-the number of directors who are not employees")
- (3) Average employee salary cost reduced by 8.84% ("Average employee salary cost of the current year-average employee salary cost of the previous year"/ Average employee salary expenses in the previous year)
- (4) The remuneration of independent directors this year was NT\$ 4,100,000, and the remuneration of independent directors in the previous year was NT\$ 4,200,000.
- (5) For the remuneration system of directors and managers of Promate Solutions Corporation (hereinafter referred to as Promate), Promate's Salary and Remuneration Committee evaluates the remuneration policies and systems of Promate's directors and managers in a professional and objective position , To meet at least twice a year, and to hold meetings at any time as needed to assist the board of directors in evaluating and supervising the company's overall remuneration policy for its decision-making reference. The Jinfeng Company Committee should refer to the usual level of salary payment in the industry, and consider the performance of Promate's operations and employees' personal performance appraisal, as well as future business risks, and should not guide directors and managers to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration. ; And under the principle that the ratio of remuneration for directors and managers' short-term performance and the payment time of part of the variable remuneration should be determined in consideration of the characteristics of the industry and the nature of the company's business, etc., the following powers should be faithfully performed, and the recommendations should be submitted to the board of directors for discussion:
 - To ensure that the company's salary and remuneration levels comply with relevant labor regulations and are sufficient to attract outstanding talents.

- b. Formulate and regularly review the policies, systems, standards and structures for performance appraisal and salary levels of directors and managers.
- c. Establish and regularly evaluate the performance and remuneration of directors and managers.
- d. The content and amount of remuneration for directors and managers should be determined in consideration of its rationality. The decision on remuneration for directors and managers should not deviate significantly from financial performance.