Stock Code: 3680

Gudeng Precision Industrial Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report For the Years Ended December 31, 2020 and 2019

Address: 9F, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City
Tel: (02)22689141

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 financial statements shall prevail.

TABLE OF CONTENTS

Independent Auditors' Report

To: Gudeng Precision Industrial Co., Ltd.

Audit Opinion

We have audited the accompanying parent company only financial statements of the Gudeng Precision Industrial Co., Ltd., which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of Other Matter), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of 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. Based on our audit results and other certified public accountants' audit reports, 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 Company's parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Gudeng Precision Industrial Co., Ltd.'s parent company only financial statements for the year ended December 31, 2020 are stated as follows:

<u>Authenticity of the Recognition of Sales Revenue from Particular Clients</u>

Revenue from Gudeng Precision Industrial Co., Ltd. is derived from mask and wafer handling solutions, in which the recognition of sales revenue from a particular client requires manual recognition and verification of the relevant documents, which may result in the existence of an inappropriate recognition of revenue, presuming as a significant risk by the Statements on Auditing Standards; therefore, authenticity of the recognition of sales revenue is considered as a key audit matter. Please refer to Note 4(12) and 25 of the parent company only financial statements for the accounting policy and information regarding the revenue recognition.

The main audit procedures performed on the above mentioned key matter are as follows:

1. We understood, assessed, and tested the reasonableness and effectiveness of the implementation of the internal controls over revenue recognition.

2. We obtained details of the sales revenue from particular clients to process sampling, and verified related documents of revenue recognition in order to confirm conduct sample testing samples, check the shipment supporting documents and the collection of receivables to confirm the authenticity of the sales revenue.

Other Matters

As stated in the Note 11 of the parent company financial statements, listed in the parent company financial statements, the long-term equity investments and its profit or loss of the investments of JIN HUI Technology Co., Ltd., which was the investee companies accounted for using the equity method in the financial statements of the investee companies accounted for using the equity method (Gudeng Venture Capital Co., Ltd.) as of December 31, 2020 were not reviewed by us but by other certified public accountants. Therefore, our opinions expressed in the parent company only financial statements regarding the amounts and disclosures of related information of the investments accounted for using the equity method of investee companies, and share of comprehensive income or loss of associates accounted for using the equity method are according to other certified public accountants' audit reports. The balance of the investment under the equity method on December 31, 2020 were $40,412 thousand, accounting for 0.73% of the total amount of the assets, and share of comprehensive income or loss accounted for using the equity method for the year ended December 31, 2020 were $5,412 thousand, accounting for 1.16% of the total amount of comprehensive income.

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

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

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

Those charged with governance (including supervisors) are responsible for overseeing the Precision Industrial Co., Ltd.’s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gudeng Precision Industrial Co., Ltd.’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Gudeng Precision Industrial Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Gudeng Precision Industrial Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information on the entities or business activities within Gudeng Precision Industrial Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to Gudeng Precision Industrial Co., Ltd.

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 Gudeng Precision Industrial Co., Ltd.'s parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Certified Public Accountant Yi-Huei Lin

Financial Supervisory Commission Approval Document No.:
Financial-Supervisory-Securities-Sixth-0940161384

Certified Public Accountant Nai-Hua Guo

Financial Supervisory Commission Approval Document No.:
Financial-Supervisory-Securities-Auditing-1070323246

March 12, 2021

Gudeng Precision Industrial Co., Ltd.

Parent Company Only Balance Sheets
December 31, 2020 and 2019
Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 1,259,579	23	$ 359,357	9
1110	Financial assets at fair value through profit or loss - current (Note 4 and 7)	48	-	1,590	-
1136	Financial assets at amortized cost - current (Note 4 and 8)	2,000	-	6,215	-
1150	Notes receivable from unrelated parties (Note 4 and 9)	252	-	252	-
1170	Trade receivables from unrelated parties (Note 4 and 9)	339,129	6	150,383	4
1180	Trade receivables from related parties (Note 4, 9, and 34)	18,387	-	6,351	-
1200	Other receivables (Note 9)	4,350	-	50	-
1210	Other receivables from related parties (Note 9 and 34)	1,891	-	20,502	-
130X	Inventories (Note 4 and 10)	334,668	6	275,841	7
1410	Prepayments (Note 16 and 34)	32,335	1	57,071	1
1470	Other current assets (Note 17)	1,483	-	1,068	-
11XX	Total current assets	1,994,122	36	878,680	21
	Non-current assets				
1535	Financial assets at amortized cost - non-current (Note 4 and 8)	2,542	-	30,000	1
1550	Investments accounted for using the equity method (Note 4 and 11)	563,171	10	404,549	10
1600	Property, plant and equipment (Note 4, 12, and 34)	1,906,083	35	751,885	18
1755	Right-of-use assets (Note 4 and 13)	17,768	-	70,960	2
1760	Investment properties, net (Note 4 and 14)	713,559	13	920,313	22
1821	Other intangible assets (Note 4 and 15)	99,622	2	10,080	-
1840	Deferred tax assets (Note 4 and 27)	48,281	1	28,988	1
1915	Prepayments for equipment (Note 36)	132,900	3	94,169	2
1920	Refundable deposits (Note 34)	20,655	-	7,868	-
1990	Other non-current assets - other (Note 17)	-	-	978,870	23
15XX	Total non-current assets	3,504,581	64	3,297,682	79
1XXX	Total Assets	$ 5,498,703	100	$ 4,176,362	100

Code	Liabilities and equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 4 and 18)	$ 200,000	4	$ 92,000	2
2150	Notes payable to unrelated parties (Note 20)	-	-	4,976	-
2160	Notes payable to related parties (Note 20 and 34)	-	-	447	-
2170	Trade payables to unrelated parties (Note 20)	109,665	2	125,746	3
2180	Trade payables to related parties (Note 20 and 34)	17,557	-	14,113	-
2219	Other payables (Note 21)	357,816	7	167,285	4
2220	Other payables to related parties (Note 34)	11,583	-	170,450	4
2230	Current tax liabilities (Note 4 and 27)	122,000	2	18,783	1
2250	Provisions - current (Note 4 and 22)	-	-	45	-
2280	Lease liabilities - current (Note 4 and 13)	6,596	-	7,588	-
2131	Contract liabilities - current (Note 25)	2,562	-	3,914	-
2320	Current portion of Long-term borrowings (Note 4 and 18)	116,779	2	70,692	2
2399	Other current liabilities (Note 21)	1,555	-	2,123	-
21XX	Total current liabilities	946,113	17	678,162	16
	Non-current liabilities				
2530	Corporate Bonds payable (Note 19)	6,967	-	285,243	7
2540	Long-term borrowings (Note 4 and 18)	1,765,418	32	1,268,564	30
2570	Deferred tax liabilities (Note 4 and 27)	435	-	225	-
2580	Lease Liabilities - non-current (Note 4 and 13)	11,602	-	63,995	2
2640	Net defined benefit liabilities - non-current (Note 4 and 23)	18,755	1	17,929	1
2645	Guarantee deposits (Note 34)	10,078	-	15,886	-
25XX	Total non-current liabilities	1,813,255	33	1,651,842	40
2XXX	Total liabilities	2,759,368	50	2,330,004	56
	Equity (Note 24)				
	Share capital				
3110	Ordinary shares	760,586	14	705,606	17
3140	Share capital collected in advance	79,795	1	35,000	1
3100	Total share capital	840,381	15	740,606	18
3200	Capital surplus	1,396,857	25	882,264	21
	Retained earnings				
3310	Legal reserve	103,238	2	80,482	2
3320	Special reserve	34,374	1	9,103	-
3350	Unappropriated earnings	400,850	7	185,031	5
3300	Total retained earnings	538,462	10	274,616	7
3400	Other equity	(21,076)	-	(28,246)	(1)
3500	Treasury shares	(15,289)	-	(22,882)	(1)
3XXX	Total Equity	2,739,335	50	1,846,358	44
	Total liabilities and equity	$ 5,498,703	100	$ 4,176,362	100

The attached notes are part of this parent company only financial statements.
(Please refer to Deloitte & Touche's audit report on March 12, 2021.)

Chairman: Ming-Chian Chiou　　Manager: Tian-Ruei Lin　　Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd.

Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019
Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share in Dollars

Code		For the year ended December 31, 2020 Amount	%	For the year ended December 31, 2019 Amount	%
4000	Operating revenue (Note 4, 25, and 34)	$ 1,430,164	100	$ 1,213,811	100
5000	Operating costs (Note 4, 10, 26, and 34)	829,542	58	610,957	50
5900	Gross profit	600,622	42	602,854	50
	Operating expenses (Note 26 and 34)				
6100	Selling and marketing expenses	91,050	6	75,696	6
6200	General and administrative expenses	365,774	26	282,165	23
6300	Research and development expenses	120,553	8	84,190	7
6450	Expected credit loss (reversed)/recognized on trade receivables	(778)	-	164	-
6000	Total operating expenses	576,599	40	442,215	36
6900	Net operating income	24,023	2	160,639	14
	Non-operating income and expenses				
7100	Interest income (Note 26 and 34)	984	-	929	-
7010	Other income (Note 26 and 34)	60,551	4	58,797	5
7020	Other gains and losses (Note 26 and 34)	485,066	34	138,819	11
7050	Finance costs (Note 26 and 34)	(32,535)	(2)	(39,023)	(3)
7070	Share of profit or loss from subsidiaries, associates, and joint ventures accounted for using the equity method	31,268	2	(48,239)	(4)
7000	Total non-operating income and expenses	545,334	38	111,283	9

(Continued on the next page)

(Continued from previous page)

Code		For the year ended December 31, 2020		For the year ended December 31, 2019	
		Amount	%	Amount	%
7900	Net income before Tax	$ 569,357	40	$ 271,922	23
7950	Income tax expense (Note 4 and 27)	(109,045)	(8)	(47,767)	(4)
8200	Net income for the year	460,312	32	224,155	19
	Other comprehensive income/(loss)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 23)	(1,854)	-	(5,496)	-
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	3,502	-	(7,588)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	3,668	1	(8,006)	(1)
8300	Total other comprehensive income/(loss) for the year (net of income tax)	5,316	1	(21,090)	(2)
8500	Total comprehensive income/(loss) for the year	$ 465,628	33	$ 203,065	17
	Earnings per share (Note 28)				
9710	Basic	$ 6.18		$ 3.25	
9810	Diluted	$ 6.11		$ 3.24	

The attached notes are part of this parent company only financial statements.
(Please refer to Deloitte & Touche's audit report on March 12, 2021.)

Chairman: Ming-Chian Chiou Manager: Tian-Ruei Lin Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd.

Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
Unit: In Thousands of New Taiwan Dollars

		Share capital				Retained earnings			Other equity item			
Code		Number of Shares (in Thousand Shares)	Ordinary shares	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Unrealized valuation gain or loss of financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
A1	Balance on January 1, 2019	70,561	$ 705,606	$ -	$ 571,768	$ 65,797	$ -	$ 91,974	($ 12,652)	$ -	($ 43,500)	$ 1,378,993
	Appropriation of earnings											
B1	Appropriation of legal reserve	-	-	-	-	14,685	-	(14,685)	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	9,103	(9,103)	-	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	-	(87,529)	-	-	-	(87,529)
	Other changes in capital surplus											
M3	Disposal of associates accounted for using the equity method	-	-	-	(12,374)	-	-	-	-	-	-	(12,374)
C7	Changes in associates and joint venture accounted for using the equity method	-	-	-	3,041	-	-	-	-	-	-	3,041
C5	Equity component of convertible bonds issued by the Company	-	-	-	11,469	-	-	-	-	-	-	11,469
M7	Changes in percentage of ownership interests in subsidiaries (Note 30)	-	-	-	(7,564)	-	-	(14,285)	-	-	-	(21,849)
E1	Issuance of ordinary shares for cash	-	-	35,000	260,131	-	-	-	-	-	-	295,131
N1	Share-based payment transaction	-	-	-	56,007	-	-	-	-	-	28,195	84,202
T1	Transaction costs attributable to the issue of new ordinary shares	-	-	-	(214)	-	-	-	-	-	-	(214)
D1	Net income for 2019	-	-	-	-	-	-	224,155	-	-	-	224,155
D3	Other comprehensive income/(loss) after tax for 2019	-	-	-	-	-	-	(5,496)	(8,006)	(7,588)	-	(21,090)
D5	Total comprehensive income/(loss) for 2019	-	-	-	-	-	-	218,659	(8,006)	(7,588)	-	203,065
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(7,577)	(7,577)
Z1	Balance on December 31, 2019	70,561	705,606	35,000	882,264	80,482	9,103	185,031	(20,658)	(7,588)	(22,882)	1,846,358
	Appropriation of earnings											
B1	Appropriation of legal reserve	-	-	-	-	22,756	-	(22,756)	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	25,271	(25,271)	-	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	-	(194,606)	-	-	-	(194,606)
M7	Changes in percentage of ownership interests in subsidiaries (Note 30)	-	-	-	-	-	-	(6)	-	-	-	(6)
E1	Issuance of ordinary shares for cash	-	-	76,000	46,025	-	-	-	-	-	-	122,025
E1	Share capital collected in advance transferred to ordinary shares	3,500	35,000	(35,000)	89,869	-	-	-	-	-	-	89,869
I1	Conversion of convertible corporate bonds	1,998	19,980	3,795	257,657	-	-	-	-	-	-	281,432
N1	Share-based payment transaction	-	-	-	121,065	-	-	-	-	-	7,593	128,658
T1	Transaction costs attributable to the issue of new ordinary shares	-	-	-	(23)	-	-	-	-	-	-	(23)
D1	Net income for 2020	-	-	-	-	-	-	460,312	-	-	-	460,312
D3	Other comprehensive income/(loss) after tax for 2020	-	-	-	-	-	-	(1,854)	3,668	3,502	-	5,316
D5	Total comprehensive income/(loss) for 2020	-	-	-	-	-	-	458,458	3,668	3,502	-	465,628
Z1	Balance on December 31, 2020	76,059	$ 760,586	$ 79,795	$ 1,396,857	$ 103,238	$ 34,374	$ 400,850	($ 16,990)	($ 4,086)	($ 15,289)	$ 2,739,335

The attached notes are part of this parent company only financial statements.
(Please refer to Deloitte & Touche's audit report on March 12, 2021.)

Chairman: Ming-Chian Chiou　　Manager: Tian-Ruei Lin　　Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd.

Parent Company Only Statements of Cash Flows
For the years ended December 31, 2020 and 2019
Unit: In Thousands of New Taiwan Dollars

Code		For the year ended December 31, 2020	For the year ended December 31, 2019
	Cash flows from operating activities		
A10000	Net income before tax for the year	$ 569,357	$ 271,922
A20010	Adjustments for		
A20100	Depreciation expenses	111,087	93,215
A20200	Amortization expenses	6,354	5,083
A20300	Expected credit loss (reversed)/recognized on trade receivables	(778)	164
A20400	Net loss on financial assets at fair value through profit or loss	986	26,569
A20900	Finance costs	32,535	39,023
A21200	Interest income	(984)	(929)
A21300	Dividend income	-	(1,094)
A21900	Compensation costs of share-based payment	121,065	56,007
A24000	Realized gain or loss between affiliated companies	-	41
A22400	Share of (profit) loss from subsidiaries accounted for using the equity method	(31,268)	48,239
A22500	Loss (gain) on disposal of property, plant and equipment	139,267	(165,530)
A22900	Gain on lease amendment	(660,628)	-
A29900	Income from odd lot transferred from corporate bonds	(8)	-
A23700	Write-downs of inventories for price loss and obsolescence	94,771	20,525
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	-	23,382
A31150	Trade receivables	(200,004)	34,227
A31180	Other receivables	14,311	9,988
A31200	Inventories	(153,598)	(49,852)
A31230	Prepayments	24,736	(8,909)
A31240	Other current assets	(415)	(719)
A32130	Notes payable	(5,423)	633
A32150	Trade payables	(12,637)	34,567
A32180	Other payables	(10,862)	173,249
A32200	Provisions	(45)	(170)
A32210	Unearned sales revenue	(1,352)	(31,743)
A32230	Other current liabilities	(568)	518

(Continued on the next page)

(Continued from previous page)

Code		For the year ended December 31, 2020	For the year ended December 31, 2019
A32240	Net defined benefit liabilities	($ 1,028)	$ 118
A33000	Cash generated from/(used in) operations	34,871	578,524
A33100	Interest received	984	929
A33200	Dividend received	-	1,094
A33300	Interest paid	(30,279)	(38,841)
A33500	Income tax paid	(24,911)	(141)
AAAA	Net cash (outflow) inflow from operating activities	(19,335)	541,565
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(2,000)	(30,800)
B00050	Proceeds from sale of financial assets at amortized cost	33,673	4,585
B00100	Purchase of financial assets at fair value through profit or loss	-	(14,497)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	-	217,172
B01800	Acquisition of subsidiaries	(120,190)	(45,010)
B02400	Return of capital due to capital reduction of investee companies accounted for using the equity method	-	208,000
B02700	Payments for property, plant and equipment	(1,109,681)	(94,224)
B05350	Payments for right-of-use assets	-	(112)
B04500	Payments for intangible assets	(95,896)	(368)
B02800	Proceeds from disposal of property, plant and equipment	3,498	397,840
B06700	Decrease (increase) in other non-current assets	978,870	(978,870)
B07100	Increase in prepayments for equipment	(121,051)	(128,477)
B03700	Increase in refundable deposits	(12,787)	(2,522)
B09900	Reimbursement received of lease amendment	659,719	-
B07600	Dividends received from subsidiaries	-	10,571
BBBB	Net cash inflow (outflow) from investment activities	214,155	(456,712)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	624,000	477,000
C00200	Repayments of short-term borrowings	(516,000)	(442,000)
C01200	Proceeds from issuance of convertible bonds	-	300,000
C09900	Payments for transaction costs attributable to the issuance of debt instruments	-	(4,411)
C01600	Proceeds from long-term borrowings	1,912,510	69,500
C01700	Repayments of long-term borrowings	(1,369,569)	(501,511)
C03100	Refund of guarantee deposits	(5,808)	(284)
C04020	Return on lease principal	(8,579)	(6,979)

(Continued on the next page)

(Continued from previous page)

Code		For the year ended December 31, 2020	For the year ended December 31, 2019
C04500	Cash dividends distribution	($ 150,616)	($ 17,640)
C04600	Issuance of new shares	211,894	295,131
C04900	Payments for transaction costs attributable to the treasury shares	(23)	(214)
C04900	Payments for treasury shares	-	(51,077)
C05000	Disposal price of treasury shares	7,593	71,695
CCCC	Net cash inflow from financing activities	705,402	189,210
EEEE	Net increase in cash and cash equivalents	900,222	274,063
E00100	Cash and cash equivalents at the beginning of the year	359,357	85,294
E00200	Cash and cash equivalents at the end of the year	$ 1,259,579	$ 359,357

The attached notes are part of this parent company only financial statements.
(Please refer to Deloitte & Touche's audit report on March 12, 2021.)

Chairman: Ming-Chian Chiou Manager: Tian-Ruei Lin Accounting Supervisor: Bo-An Lai

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company Overview

Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company") was a company limited by shares incorporated at New Taipei City in March 1998, and opened for business in March of the same year with primary business of trading and manufacturing of mould and mask package.

Shares of the Company were traded in the over-the-counter (OTC) market at Taipei Exchange (TPEx) in August 2011.

The parent company only financial statements of the Company are presented in the New Taiwan Dollars, the functional currency of the Company.

2. Date and Procedures of Authorization of Financial Statements

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on March 12, 2021.

3. Application of New and Amended Standards and Interpretations

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the application of the amended IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the Company:

Amendments to IAS 1 and IAS 8 - "Definition of Materiality"

The Company adopted the amendments on January 1, 2020. The threshold for materiality was amended to be "could reasonably be expected to influence users" and the disclosures in consolidated financial statements were adjusted by removing immaterial information which may obscure material information.

b. (The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application in 2021

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective on the issued date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - “Interest Rate Benchmark Reform - Phase 2”	Effective for annual reporting periods beginning on or after January 1, 2021
Amendment to IFRS 16, "Covid-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

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”mainly amends IFRS 9, IFRS 7, and IFRS 16, which provides practical expedient for the effects of changes in interest rate benchmark reform.

Interest rate benchmark reform results in changes in the basis for determining contractual cash flows.

Changes in the basis of determines the contractual cash flows of a financial asset, a financial liability and a lease liability. If it is a must as a direct result in the interest rate benchmark reform, and the new basis is economically around the basis before that change, it should be considered as an effective interest rate change when determining the changes in basis.

c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendment 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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendment to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: Amendment to IFRS 9 is effective to exchanges of a financial liability or modifications of terms incurred during the annual periods beginning on or after January 1, 2022. Amendment to IAS 41 "Agriculture" is effective to fair value measurements for annual periods beginning on or after January 1, 2022. Amendment to IFRS 1 "First-time Adoption of IFRS" is retrospectively effective for annual periods beginning on or after January 1, 2022.

Note 3: This amendment shall be applied to business combinations for which the acquisition date is beginning on or after January 1, 2022.

Note 4: This amendment shall be applied to the 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 amendment shall be applied to contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022.

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

Note 7: This amendment shall be applied to changes in accounting policies and changes in accounting estimates that occur for annual periods 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 amendment provides that if the Company sells or invests assets in associates (or joint ventures), or loses control of subsidiaries, but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiaries meet the definition of "business" in IFRS 3 "business combination," the Company shall fully recognize the profit or loss arising from such transactions.

In addition, if the Company sells or invests assets in associates (or joint venture), or loses control over a subsidiary in a transaction with associates (or joint venture), but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiary do not comply with the definition of "business" in IFRS 3, the Company shall only recognize the profit or loss arising from such transactions within the scope of equity unrelated to the investors' interest in such associates (or joint ventures), namely, the profit or loss attributable to the Company's share shall be written off.

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

The amendment clarifies whether or not a liability to be classified as non-current, the Company 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 Company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the Company 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 amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’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 Company’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) Annual Improvements to IFRSs 2018–2020 Cycle

The Annual Improvements to IFRS Standards 2018–2020 improved and amended various standards. For the amendments to IFRS 9 "Financial Instruments," in order to assess whether the exchange or amendments to the terms of financial liabilities is significantly different or not, while comparing whether there is a 10% difference between the discounted values of cash flow of the new and old contract terms (including the net amount of fees paid or charged for entering into new contracts or amending contracts), the above fees paid or charged only include fees paid or charged between borrowers and lenders.

4) Amendment to IFRS 3 "Reference to the Conceptual Framework"

The amendment is to update the reference to the conceptual framework and to add requirements that an acquirer shall apply IFRIC 21 “Levies” to determine whether an obligation exists or not to generate a liability to pay a levy at the acquisition date.

5) Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"

The amendment regulates that any sale proceeds from items generated from the 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 shall not be a deduction of the cost of that asset. The above mentioned items shall be measured in accordance with IAS 2 "Inventories," and any sale proceeds and costs are recognized in profit or loss in accordance with the applicable standards.

This amendment shall be applied to the 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, and the Company shall restate information of the comparative periods as the initial application of the amendment.

6) Amendment to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"

The amendment specifies that when assessing whether a contract is onerous or not, the “cost of fulfilling a contract” shall include the incremental costs of fulfilling that contract (e.g., direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g., an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

While initially applying the amendment, the Company will recognize the cumulative impacts as retained earnings at the date of the initial application of the amendment.

7) Amendment to IAS 1 "Disclosure of Accounting Policies"

This amendment prescribes that the Company shall apply the concept of materiality in making decisions about the disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the Company’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the Company.
- Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information significant to the financial statements if that information relates to significant transactions, other events or conditions and the accounting policy:

(a) Has changed during the period by the Company, and this change results in a significant change on information of the financial statements

(b) Was chosen properly by the Company from alternatives permitted by IFRS Standards

(c) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies

(d) Relates to an area for which the Company is required to make significant judgments and assumptions

(e) Relates to complex accounting practices, and users of the Company’s financial statements would otherwise not understand the relating significant transactions, other events or conditions

8) Amendment to IAS 8 “Definition of Accounting Estimates”

This amendment defines accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. The accounting policy may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The changes are considered as changes in accounting estimates while the effects of changes in accounting estimates from changes in an input or a measurement technique do not belong to correction of prior period errors.

Besides the abovementioned effects, as of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations 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 related inputs are observable and based on the significance of the related inputs, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;

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 parent company only financial statements, the Company adopts the equity method for investments in the subsidiaries, associates, or joint ventures. To make the profit and loss, other comprehensive income and equity of the current year of the parent company only financial statements the same as the profit and loss, other comprehensive income and equity of the current year attributable to the owners of the Company in the consolidated financial statements of the Company, some accounting treatment differences under the parent company only basis and the consolidated basis are adjustment of "the investment under equity method," "share of profit and loss of subsidiaries under equity method" and "other comprehensive income shares of subsidiaries, associates, and joint ventures under equity method" and related equity items.

c. Standards for Classification of Current and Non-current Assets and Liabilities

Current assets include:

1) Assets held for trading purposes;

2) Assets expected to be realized within 12 months after the balance sheet date; and

3) Cash and cash equivalents, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Obligations incurred for trading purposes;

2) Obligations expected to be settled within 12 months from the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the publication of the financial statements are also deemed as current liabilities); and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of an obligation that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments, do not affect its classification.

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

d. Foreign Currency

When preparing the financial statements, transactions denominated in another currency (foreign currency) other than the entity's functional currency shall be converted into the functional currency using the exchange rate on the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items shall be recognized in profit or loss in the period of occurrence.

Non-monetary items denominated in foreign currencies measured at fair value are converted using the exchange rate on the date when the fair value is determined. The exchange difference is recognized as the current profit and loss. However, if the change of fair value is recognized as other comprehensive income, the exchange difference generated is recognized as other comprehensive income.

Non-monetary items denominated in foreign currencies and measured at historical cost are converted using the exchange rates on the date of transaction, and will not be reconverted.

In the preparation of parent company only financial statements, the assets and liabilities of foreign operations (including the country of operation or currency used of the subsidiaries, associates, joint ventures, or branches different from the Company) are converted into NTD at the exchange rate on each balance sheet date. The income and expense items are converted at the average exchange rate of the current period. The resulting exchange differences are recognized in other comprehensive income.

If the Company disposes of all equity interests of the foreign operations, or disposes part of the rights and interests of the subsidiary of the foreign operations but loses control, or disposes the retained equity of the joint agreement or associates of the foreign operations as the financial assets and is disposed of under the accounting policies of the financial instruments, all accumulated exchange differences related to the foreign operations will be reclassified to profit or loss.

If part of the disposal of a subsidiary of a foreign operation does not result in loss of control, the accumulated exchange difference shall be reattributed to the non-controlling interests in proportion, and shall not be recognized as profit or loss. In the case of disposal of any other part of a foreign operation, the accumulated exchange difference is reclassified to profit or loss on a pro-rata basis.

e. Inventories

Inventories include raw materials, semi-finished goods, finished goods, work-in-progress and stock in hand. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual items. The net realizable value refers to the balance of the estimated selling price in normal circumstances after deducting the estimated cost required till completion and the estimated cost to complete the sale. The inventory cost is calculated by the monthly weighted-average method.

f. Investments in Subsidiaries

The Company adopts the equity method for investment in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, investments are initially recognized at cost. The carrying amount of such investments after the acquisition date increases or decreases in accordance with the Company's shares of subsidiaries' profit or loss and other comprehensive income, as well as earnings allocation. In addition, changes in the other interest of the subsidiaries entitled by the Company are recognized by the shareholding ratio.

Where the change in the Company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is directly recognized as equity.

When the loss share of the Company to the associates is equal to, or more than, its equity in the associates (including the carrying amount of the investment in the associate under the equity method and other long-term equity that is substantially a part of the net investment component of the Company to the associates), the recognition of further loss shall be stopped.

The amount that the acquisition cost exceeds the net fair value share of the identifiable assets and liabilities of the subsidiaries that constitute business and are entitled by the Company on the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and shall not be amortized. The amount that the net fair value share of the identifiable assets and liabilities of the subsidiaries that constitute business and are entitled by the Company on the acquisition date exceeds the acquisition cost is recorded as the current income.

When the Company evaluates the impairment, it reviews the cash-generating unit as a whole in the financial statements and compares its recoverable amount and carrying amount. Subsequently, if the recoverable amount of the asset increases, the reversal of impairment loss shall be recognized as profit. However, the carrying amount of the asset after the reversal of impairment loss shall not exceed the carrying amount of the asset without impairment loss recognized less amortization that shall be recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

When losing control over a subsidiary, the Company measures the residual investment in such a former subsidiary by the fair value of at the date of loss of control, and the differences between the fair value of at the date of loss of control and any consideration and the carrying amount of the investment at the date of loss of control are recognized as current profit or loss. In addition, the amounts recognized in other comprehensive income in relation to the subsidiary on the same accounting basis as the basis must abided of the accounting treatment for the related assets or liabilities had been directly disposed of by the combined company .

Unrealized profits and losses of downstream transactions between the Company and its subsidiaries shall be written off in the parent company only financial statements. Profit or loss in up- and downstream transactions between the Company shall only be recognized in the parent company only financial statements when it is not related to the Company's interest in the subsidiaries.

g. Property, Plant and Equipment

The property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for the self-owned land which is not depreciated, the property, plant and equipment are depreciated on a straight-line basis over their useful lives and depreciation shall be separately provided for each significant part. the Company shall inspect the estimated useful life, residual value, and depreciation method at least at the end of each year, and postpone the impact of changes in accounting estimates.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss

h. Investment properties

Investment property is a property held to earn rental and/or for capital appreciation, including right-in-use assets meeting the requirements of investment properties. Investment property also includes land held for future use that is currently undetermined.

Self-owned investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties obtained by lease are measured initially at cost, which comprises the initial measurement of lease liabilities, the lease payments paid before the lease start date, the initial direct cost, and the estimated cost of restoring underlying assets less the lease incentives received. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of remeasurement.

Investment properties are transferred to property, plant and equipment for the carrying amounts by the transfer date to be self-owned.

Upon disposal of investment properties, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Separate Acquisition

The intangible assets with limited useful life acquired separately are measured at cost initially, and subsequently at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over their useful lives, and the estimated useful lives, residual values, and amortization methods are reviewed by the Company at least at the end of each year. Also, the impact of changes in applicable accounting estimates is postponed. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment losses.

2) Derecognition

When intangible assets are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the current profit or loss.

j. Impairment of Property, plant and equipment, Right-of-use assets, Intangible assets (excluding goodwill)

On each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indicator of impairment, the recoverable amount of the asset shall be estimated. If the recoverable amount of an individual asset cannot be determined, the Company shall evaluate the recoverable amount of the cash-generating unit to which the asset belongs. Shared use asset are allocated to the smallest group of cash-generating units with a reasonable and consistent basis.

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

The recoverable amount is the higher of fair value less cost of sale and its use-value. If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to its recoverable amount, and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit or the contract cost-related assets shall increase to the revised recoverable amount. Still, the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, cash-generating unit, or the contract cost-related assets without impairment loss recognized in the previous year. The reversal of impairment losses is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party of the financial instrument contract.

When financial assets and financial liabilities are initially recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial Assets

Transaction date accounting and derecognition apply to regular financial asset transactions.

a) Measurement Types

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily classified as at fair value through profit or loss, and financial assets designated at fair value through profit or loss. Financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments not designated by the Company to be measured at fair value through other comprehensive income, and investments in debt instruments that are not classified as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, and the profit or loss (including any dividend or interest generated by the financial assets), and the benefits or losses arising from the remeasurement is recognized in profit or loss. Please refer to Note 33 for the determination of fair value.

ii. Financial assets at amortized cost

When the Company's investments in financial assets satisfy the following two conditions at the same time, they are classified as financial assets at amortized cost.

(a) It is held under a business model that is held for the purpose of obtaining financial assets to collect contractual cash flows; and
(b) The contractual terms generate cash flows on a specified date basis and the cash flows are solely payments on the principal amounts outstanding and interest amounts outstanding.

Financial assets at amortized cost (including cash and cash equivalents, trade receivable at amortized cost, and refundable deposits) are measured at the aggregate carrying amount of the financial asset after initial recognition and determined by using the effective interest method. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following two situations, interest income is calculated by applying the effective interest rate to total carrying amount of financial assets:

(a) For the acquired or initiated credit impairment financial assets, the interest income is calculated by multiplying the effective interest rate after credit adjustment by financial assets at amortized cost.
(b) For the financial assets that are not acquired or initiated but subsequently become credit impairment, the interest income is calculated by multiplying the effective interest rate by financial assets at amortized cost.

Cash equivalents include time deposits with high liquidity, which can be converted into quota cash at any time and with little risk of value change within three months from the date of acquisition. They are used to meet short-term cash commitments.

b) Impairment of Financial Assets

On each balance sheet date, the Company assesses the impairment loss of financial assets at amortized cost (including trade receivable) according to the expected credit loss, debt instrument investment measured at fair value through other comprehensive income, lease receivables and contract assets.

Trade receivable, lease receivables, and contract assets shall be recognized for a loss allowance based on lifetime expected credit losses. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit losses are weighted average of credit losses that are highly probable. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

The impairment loss of all financial assets is to reduce their carrying amount through the allowance account. But the loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income, and the carrying amount is not reduced.

c) Derecognition of Financial Assets

The Company only derecognizes the financial assets when the contractual rights from the cash flow of the financial assets are invalid or when the financial assets have been transferred, and almost all the risks and remunerations of the ownership of the assets have been transferred to other enterprises.

When a financial assets at amortized cost is derecognized as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When the debt instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the difference between its carrying amount and the sum of the consideration received plus any accumulated profit or loss recognized in other comprehensive income is recognized in profit and loss. When the investments in equity instruments measured at fair value through other comprehensive income is derecognized as a whole, the accumulated profit and loss are transferred directly to the retained earnings. They are not reclassified as profit and loss.

2) Financial Liabilities

a) Subsequent Measurement

Financial liabilities are measured at amortized cost by effective interest methods.

b) Derecognition of Financial Liabilities

When derecognizing financial liabilities, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

c) Convertible corporate bonds

Components of the conversion option included in the convertible corporate bonds issued by the Company are classified as derivative financial liabilities due to they are exchanged of a fixed amount of cash or other financial assets for a fixed number of conversion option settled by the Company's own equity instruments.

At initial recognition, the derivative financial liability component of the convertible bonds is measured at fair value, and the original carrying amount of the non-derivative financial liability component is the residual amount after separating the embedded derivatives. In subsequent periods, non-derivative financial liabilities are measured at cost using the effective interest method, and derivative financial liabilities are measured at fair value while the changes in the fair value are recognized as profit or loss. The transaction costs related to the issuance of convertible corporate bonds are the components of non-derivative financial liabilities allocated in proportion to the corresponding fair values (included in the carrying amount of liabilities) and the components of derivative financial liabilities (included in profit or loss).

l. Revenue recognition

The Company first identifies performance obligations in customer's contact, then distributes transaction price to each obligation and recognizes revenue when obligations are met.

<u>Sales Revenue of Commodities</u>

The sales revenue of commodities comes from the manufacturing of mask packages, its service of design, and the sales of semiconductor related products. Upon shipping of the products, the clients has the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. the Company recognizes revenue and trade receivable at that point in time.

m. Leases

The Company evaluates whether the contract is (or includes) a lease on the date of establishment.

1) The Company is a Lessor

Whenever lease terms transfer most risks and rewards of asset ownership to the lessee, they are classified as financial leases. All other leases are classified as operating leases.

When the Company subleases the right-of-use asset, the classification of the sublease is determined by the right-of-use asset (instead of the underlying asset). However, if the main lease is a short-term lease where the recognition exemption is applicable to the Company, the sublease is classified as an operating lease.

Regarding financial leases, lease payments include fixed payments, in-substance fixed payments, variable lease payments that are determined by an index or a rate, guaranteed residual value, the exercise price of a purchase option when it is reasonably certain to exercise the option, and penalties for terminating the lease reflected in the lease term, and less any lease incentives payable. Net value of lease investment is measured as the sum of the present value of lease receivables and the unguaranteed residual value plus the original direct cost, and it is expressed as finance lease receivable. Financing income is allocated to each accounting period to reflect the fixed rate of return obtained during each period from the net value of the unexpired lease investment of the Company .

Under operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis over the relevant lease term. The initial direct cost incurred from the acquisition of the operating lease shall be added to the carrying amount of the underlying assets, and it shall be recognized as an expense within the lease term on a straight-line basis.

Variable lease payments that do not depend on an index or a rate in the lease agreements are recognized income in the current period.

2) The Company is a Lessee

Except that the lease payments of the low-value underlying assets and short-term leases applicable to the recognition exemption are recognized as expenses on a straight-line basis during the lease term, other leases are recognized as right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost (including the initial measured amount of the lease liability, the lease payment paid before the inception of the lease minus the lease incentive received, the initial direct cost and the estimated cost of the recovery the underlying asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss, and the remeasurement of the lease liability is adjusted. The right-of-use assets are separately presented in the parent company only balance sheet except for those meet the definition of investment property. For the recognition and measurement of right-of-use assets that meet the definition of investment property, please refer to Note XVII for the accounting policy for investment property.

The right-of-use assets shall be depreciated on a straight-line basis from the inception of the lease to the end of the useful life or when the lease term expires, whichever is earlier.

The lease liability is initially measured by the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). If the implicit interest rate of a lease can be determined easily, the interest rate is used to discount the lease payment. If the interest rate cannot be determined easily, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, the lease liability is measured at amortized cost basis using the effective interest method, and the interest paid is amortized over the lease term. If there is a change in future lease payments due to changes in the assessment of the lease term, the amounts expected to be paid under residual value guarantees, and purchase option of the underlying assets, or a change in the index or rate used to determine lease payments, the Company shall remeasure the lease liabilities and adjusts the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduction in the scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss on the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented separately in the parent company only balance sheet.

n. Borrowing Costs

The borrowing cost directly attributable to the acquisition, construction, or production of qualified assets is a part of the cost of the asset until almost all necessary activities for the assets to reach the intended use or sale status have been completed.

The investment income earned from the temporary investment of a specific loan before the occurrence of capital expenditure meeting the requirements shall be deducted from the borrowing cost meeting the capitalization conditions.

Except for the above, other borrowing costs are recognized in profit or loss.

o. Employee benefits

1) Short-Term Employee Benefits

Short-term employee benefits liabilities are measured at the undiscounted amount of the employee services expected to be paid in exchange for the services.

2) Benefits after retirement

Pension from defined contribution plans is listed as expense for pension during periods of employee service.

The net defined benefit-cost of defined benefit retirement plan (including service cost, net interest, and remeasurement) is calculated by the expected unit benefit method. The service cost, including the current service cost, and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. The remeasurement (including actuarial profit and loss, changes in the impacts of the asset ceiling, and plan asset remuneration after deducting interest) is recognized in other comprehensive income and included in retained earnings when incurred, and will not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) is the shortfall (surplus) for defined benefit pension plans. The net defined benefit assets shall not exceed the present value of the refunded or reduced future contributions from the scheme.

p. Employees stock option

Employees stock option granted to employees

Employee stock options are based on the fair value of equity instruments on grant date and the best estimate of the expected value. The expenses are recognized on a straight-line basis over the vested period, and the capital surplus -employee stock options are adjusted at the same time. If it is vested at grant date, the expense is recognized in full at the same date.

q. Income taxes

Income tax expenses is the sum of the current income tax and deferred income tax.

1) Current Income Tax

According to the Income Tax Law of the Republic of China, an additional income tax on unappropriated earnings was surcharged in the year approved by the shareholders' meeting.

The adjustment of the income tax payable in the previous year shall be included in the current income tax.

2) Deferred Tax

Deferred tax is calculated from temporary differences between carrying amount of assets and liabilities, and tax base for determining taxable income.

Deferred tax liabilities are generally recognized for all temporary taxable differences, and deferred tax assets are recognized when there is a high probability that taxable income will be available for the use of income tax credits generated by temporary deductible differences, loss carryforward, purchase of mechanical equipment, research development, and personnel training.

The temporary taxable differences related to investment subsidiaries, associates, and joint agreement are recognized as deferred tax liabilities, except that the Company can control the reversal point of temporary differences, which are likely not to reverse in the foreseeable future. The temporary deductible difference related to such investment shall be recognized as deferred tax assets only to the extent that it is likely to have enough taxable income to realize the temporary difference and it is expected to reverse in the foreseeable future.

The carrying amount of the deferred tax assets shall be reviewed on each balance sheet date and reduced for those assets that are no longer likely to have sufficient tax income for recovery of all or part of the assets. Where the assets are not recognized as deferred tax assets, they shall also be reviewed on each balance sheet date, and the carrying amount shall be increased in the future when it is likely to generate taxable income for the recovery of all or part of the assets.

Deferred tax assets and liabilities are measured at tax rates expected for liability settlement or asset realization in the same period. Tax rates are based on tax laws enacted or substantively enacted by balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and Deferred Tax

Current and deferred tax are recognized in profit or loss, however current and deferred tax related to items recognized in other comprehensive income or directly included in equity is recognized in other comprehensive income or directly included in equity, respectively.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When the Company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. Actual results might be different from estimates.

The management will constantly review the estimations and underlying assumptions. If the revision of the estimate only affects the current period, it shall be recognized in the current revised period. If the revision of the accounting estimate affects both the current period and the future period, it shall be recognized in the current revised period and the forthcoming period.

6. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 879	$ 631
Bank checking and demand deposits	1,258,700	358,726
	$ 1,259,579	$ 359,357

The market interest rate intervals of bank deposits on the balance sheet date are as follows:

	December 31, 2020	December 31, 2019
Bank deposits	0.001%～0.20%	0.05%～0.33%

7. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2020	December 31, 2019
Financial assets - current		
Held for trading		
Derivatives (not designated for hedging)		
- Conversion of options (Note 19)	$ 48	$ 1,590

8. Financial Assets at Amortized Cost

	December 31, 2020	December 31, 2019
Current		
Pledged deposits	$ -	$ 6,215
Pledged certificate of deposit	2,000	-
	$ 2,000	$ 6,215
Non-current		
Pledged deposits	$ 2,542	$ 30,000

a. As of December 31, 2020, the interest rate of time deposits with initial maturity date over than 3 months were 0.585%.

b. Please refer to Note 35 for information on financial assets at amortized cost pledged as collateral.

9. Notes receivable, Trade receivables, Other receivables, and Collection

	December 31, 2020	December 31, 2019
Notes receivable		
Measured at amortized cost		
Total carrying amount	$ 252	$ 252
Less: Allowance for loss	-	-
	$ 252	$ 252
Trade receivables		
Measured at amortized cost		
Total carrying amount	$ 339,995	$ 150,765
Less: Allowance for loss	(866)	(382)
	$ 339,129	$ 150,383

(Continued on the next page)

(Continued from previous page)

	December 31, 2020	December 31, 2019
Trade receivable - non-related parties		
Measured at amortized cost		
Total carrying amount	$ 18,387	$ 6,351
Less: Allowance for loss	-	-
	$ 18,387	$ 6,351
Other receivables		
Other receivable - unrelated parties		
Tax refunds of business tax receivable	$ 1,334	$ -
Purchase discount receivable	2,749	-
Other	267	50
	$ 4,350	$ 50
Other receivable - related parties (Note 34)	$ 1,891	$ 20,502
Collection		
Measured at amortized cost	$ -	$ 2,940
Total carrying amount		
Less: Allowance for Bad Debts	-	(2,940)
	$ -	$ -

Trade receivables

The average credit period of the Company for commodity sales is 60 to 120 days. In assessing the recoverability of trade receivable, the Company considers any change in the credit quality of the trade receivable from the original credit date to the balance sheet date. To mitigate the credit risk, the management of the Company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the Company’s credit risk is significantly reduced.

The Company applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for trade receivable as lifetime expected credit losses for the duration of contract. The lifetime expected credit loss is determined the provision matrix which refers to past default records and the current financial condition of the clients and industrial economic conditions. Due to the historical experience of credit losses of the Company, there is no significant difference in the loss patterns of different client's groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of notes receivable and entry days of trade receivable.

The Company directly reclassifies the collection when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Company, such as the counterparty is under liquidation or the aging of the debts is over 365 days. the Company continues to engage in enforcement activity, and the recovered amounts are written off the related collection.

The Company's loss allowance for notes receivable and trade receivable based on the provision matrix were as follows:

Notes receivable

December 31, 2020

	Not overdue
Expected credit loss rate	0%
Total carrying amount	$ 252
Allowance for loss (lifetime expected credit losses)	-
Costs after amortization	$ 252

December 31, 2019

	Not overdue
Expected credit loss rate	0%
Total carrying amount	$ 252
Allowance for loss (lifetime expected credit losses)	-
Costs after amortization	$ 252

Trade receivables

December 31, 2020

	1~90 days	91~180 days	181~270 days	271~365 days	Total
Expected credit loss rate	0.19%	1.48%	5.64%	-	
Total carrying amount	$ 344,994	$ 12,116	$ 1,272	$ -	$ 358,382
Allowance for loss (lifetime expected credit losses)	(609)	(179)	(78)	-	(866)
Costs after amortization	$ 344,385	$ 11,937	$ 1,194	$ -	$ 357,516

December 31, 2019

	1~90 days	91~180 days	181~270 days	271~365 days	Total
Expected credit loss rate	0.21%	1.51%	20%	-	
Total carrying amount	$ 153,997	$ 3,024	$ 95	$ -	$ 157,116
Allowance for loss (lifetime expected credit losses)	(315)	(48)	(19)	-	(382)
Costs after amortization	$ 153,682	$ 2,976	$ 76	$ -	$ 156,734

The above is the aging analysis based on the date of entry.

Changes in loss allowance for trade receivable are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Balance at the beginning of the year	$ 382	$ 1,927
Add: impairment loss recognized for the period	484	164
Less: Transferred out due to reclassification for the period	-	(1,709)
Balance at the end of the year	$ 866	$ 382

Changes in loss allowance for collection are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Balance at the beginning of the year	$ 2,940	$ 24,473
Add: Transferred in due to reclassification for the period	-	1,709
Less: Reversal on impairment loss for the period	(1,262)	-
Less: Actual write-off for the period	(1,678)	(23,242)
Balance at the end of the year	$ -	$ 2,940

10. Inventories

	December 31, 2020	December 31, 2019
Raw materials	$ 97,736	$ 71,603
Semi-finished products	116,671	95,775
Work in progress	37,516	42,858
Finished goods	82,745	62,852
Stock in hand	-	2,753
	$ 334,668	$ 275,841

Nature of cost of goods sold as below:

	December 31, 2020	December 31, 2019
Cost of inventory sold	$ 734,643	$ 534,297
Loss on inventories for price loss	94,771	20,525
Loss on Inventory scrap	-	56,357
Other	128	(222)
	$ 829,542	$ 610,957

11. Investments Accounted for Using the Equity Method

Investment in subsidiaries

	December 31, 2020	December 31, 2019
Rich Point Global Corp.	$ 277,693	$ 283,265
Gudeng Venture Capital Co., Ltd.	101,394	34,240
We Solutions Technology Co., Ltd.	110,472	47,077
Gudeng Automation Corporation	73,612	39,967
	$ 563,171	$ 404,549

	Ratio of equity held and voting right	
Name of Subsidiary	December 31, 2020	December 31, 2019
Rich Point Global Corp.	100%	100%
Gudeng Venture Capital Co., Ltd.	100%	100%
We Solutions Technology Co., Ltd.	100%	100%
Gudeng Automation Corporation	50.87%	50.72%

Please refer to Note 40 for details on investments in subsidiaries indirectly held by the Company.

The share of profit or loss and other comprehensive income of investments in subsidiaries for the years ended December 31, 2020 and 2019 was recognized according to the each subsidiary's financial statements audited by the certified public accountant in the same period.

12. Property, Plant and Equipment

Self-used

	Self-owned Land	Buildings	Machinery equipment	Leasehold improvements	Other Equipment	Total
Cost						
Balance on January 1, 2020	$218,478	$362,341	$322,934	$ 84,927	$408,406	$1,397,086
Addition	627,991	87,845	97,192	4,323	292,330	1,109,681
Disposal	-	(144,204)	(33,218)	(82,227)	(34,107)	(293,756)
Reclassification	-	-	42,075	(2,938)	44,669	83,806
From investment properties	56,680	149,484	-	-	-	206,164
Balance on December 31, 2020	$903,149	$455,466	$428,983	$ 4,085	$711,298	$2,502,981
Accumulated depreciation and impairment						
Balance on January 1, 2020	$ -	$ 60,511	$196,732	$ 61,163	$326,795	$645,201
Disposal	-	(40,533)	(19,023)	(65,953)	(25,482)	(150,991)
Depreciation expenses	-	11,540	28,628	7,388	44,745	92,301
Reclassification	-	-	-	(123)	1,609	1,486
From investment properties	-	8,901	-	-	-	8,901
Balance on December 31, 2020	$ -	$ 40,419	$206,337	$ 2,475	$347,667	$596,898
Net Balance, December 31, 2020	$903,149	$415,047	$222,646	$ 1,610	$363,631	$1,906,083

(Continued on the next page)

(Continued from previous page)

	Self-owned Land	Buildings	Machinery equipment	Leasehold improvements	Leased assets	Other Equipment	Total
Cost							
Balance on January 1, 2019	$469,497	$404,928	$271,524	$79,308	$ 5,247	$389,017	$1,619,521
Impacts from retrospection of application of IFRS 16	-	-	-	-	(5,247)	-	(5,247)
Balance on January 1, 2019 (after restatement)	469,497	404,928	271,524	79,308	-	389,017	1,614,274
Addition	26,154	37,775	13,584	404	-	16,307	94,224
Disposal	(232,179)	-	(454)	-	-	(1,340)	(233,973)
Reclassification	-	-	38,280	5,215	-	4,422	47,917
Transferred and recognized as investment properties	(44,994)	(80,362)	-	-	-	-	(125,356)
Balance on December 31, 2019	$218,478	$362,341	$322,934	$84,927	$ -	$408,406	$1,397,086
Accumulated depreciation and impairment							
Balance on January 1, 2019	$ -	$54,121	$174,227	$48,264	$ 916	$298,650	$576,178
Impacts from retrospection of application of IFRS 16	-	-	-	-	(916)	-	(916)
Balance on January 1, 2019 (after restatement)	-	54,121	174,227	48,264	-	298,650	575,262
Disposal	-	-	(403)	-	-	(1,260)	(1,663)
Depreciation expenses	-	8,116	22,908	12,899	-	29,405	73,328
Transferred and recognized as investment properties	-	(1,726)	-	-	-	-	(1,726)
Balance on December 31, 2019	$ -	$60,511	$196,732	$61,163	$ -	$326,795	$645,201
Net Balance, December 31, 2019	$218,478	$301,830	$126,202	$23,764	$ -	$81,611	$751,885

Depreciation expenses are calculated by straight-light basis using the estimated useful lives as follows:

Buildings	6 to 51 years
Machinery equipment	4 to 11 years
Leasehold improvements	5 to 9 years
Other Equipment	1 to 21 years

The Company's significant components of the buildings includes main buildings of plants, improvement of main buildings, roads and walls, etc., and they are depreciated based on the estimated useful lives of 51 years, 21 years, and 20 years, respectively.

Please refer to Note 35 for the amount of property, plant and equipment pledged as collateral for loans.

13. Lease Arrangements

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Land	$ -	$ 58,710
Transportation Equipment	17,768	12,250
	$ 17,768	$ 70,960
Additions of right-of-use assets	$ 17,451	$ 7,562

	For the year ended December 31, 2020	For the year ended December 31, 2019
Depreciation expense of right-of-use assets		
Land	$ 2,701	$ 3,453
Transportation Equipment	6,594	3,748
	$ 9,295	$ 7,201
Sublease income of right-to-use asset (recognized in other income)	$ -	$ 1,262

b. Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	$ 6,596	$ 7,588
Non-current	$ 11,602	$ 63,995

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Land	1.85%	1.85%
Transportation Equipment	1.85%～7.9%	1.8%～7.9%

c. Major lease activities and terms

The Company leases several transportation equipment for operational use with lease terms of 3 to 5 years. At the end of the lease term, the Company has the option to purchase the equipment for its nominal amount at that time.

d. Other lease information

Please refer to Note 14 for related explanation of investment properties by the Company.

	For the year ended December 31, 2020	For the year ended December 31, 2019
short-term leases expenses	$ 11,378	$ 8,853
Total cash (outflow) for leases	($ 21,305)	($ 17,389)

The Company has elected to apply the recognition exemption on the leases houses and buildings which qualify as short-term leases, and it did not recognize related right-of-use assets and lease liabilities for these leases. The short-term lease expenses for the year ended December 31, 2019 also include other leases with periods ending before December 31, 2019 and an option to apply the recognition exemption, and commitments of short-term leases to which applied the recognition exemption amounted to $2,434 thousand and $9,216 thousand as of December 31, 2020 and 2019, respectively.

All lease commitments with lease terms beginning after the balance sheet date are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Lease commitments	$ 66	$ -

14. Investment Properties

	Completed Investment Properties	Right-of-use assets	Total
Cost			
Balance on January 1, 2020	$ 959,104	$ -	$ 959,104
Reclassified to Property, Plant and Equipment	(206,164)	-	(206,164)
Balance on December 31, 2020	$ 752,940	$ -	$ 752,940
Accumulated depreciation and impairment			
Balance on January 1, 2020	$ 38,791	$ -	$ 38,791
Reclassified to Property, Plant and Equipment	(8,901)	-	(8,901)
Depreciation expenses	9,491	-	9,491
Balance on December 31, 2020	$ 39,381	$ -	$ 39,381
Net Balance, December 31, 2020	$ 713,559	$ -	$ 713,559
Cost			
Balance on January 1, 2019	$ 833,748	$ -	$ 833,748
Impacts from retrospection of application of IFRS 16	-	3,829	3,829
Balance on January 1, 2019 (after restatement)	833,748	3,829	837,577
Lease liabilities Remeasurement	-	(3,829)	(3,829)
Transferred from property, plant and equipment	125,356	-	125,356
Balance on December 31, 2019	$ 959,104	$ -	$ 959,104
Accumulated depreciation and impairment			
Balance on January 1, 2019	$ 24,753	$ -	$ 24,753
Impacts from retrospection of application of IFRS 16	-	-	-
Balance on January 1, 2019 (after restatement)	24,753	-	24,753
Transferred from property, plant and equipment	1,726	-	1,726
Depreciation expenses	12,312	374	12,686
Lease liabilities Remeasurement	-	(374)	(374)
Balance on December 31, 2019	$ 38,791	$ -	$ 38,791
Net Balance, December 31, 2019	$ 920,313	$ -	$ 920,313

The right-of-use assets included in the investment properties were rented and subleased to Yesiang Enterprise Co., Ltd. by the parent company only company by way of operating lease for the office located at 1F-3 No. 17, Zilian Rd., Xinshi Dist., Tainan City. In addition, the parent company only company terminated the contract with the lessor of the right-of-use assets in May 2019.

The total amount of lease payments to be collected in the future for investment property on operating lease for the years ended December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Year 1	$ 33,750	$ 46,884
Year 2	32,942	44,409
Year 3	16,351	44,320
Year 4	-	27,662
Year 5	-	11
	$ 83,043	$ 163,286

Depreciation expenses are calculated by straight-light basis using the estimated useful lives as follows:

Main buildings	51 years
Right-of-use assets	7 years

The fair value of the right-of-use asset is measured as the valuation of net balance of expected rental income, less all payments expected to be paid, plus any recognized and related lease liability.

The investment property of the parent company only company is located at No. 19, Zilian Rd., Xinshi Dist., Tainan City, and the fair value cannot be reliably determined due to the scarcity of nearby buildings, which leads to less frequent comparable market transactions and reliable alternative estimates to replace the fair value.

The Company held freehold interests in all of its investment properties. Please refer to Note 35 for the amount of investment property pledged as collateral for loans.

15. Other Intangible Assets

	Patents	Cost of Computer software	Golf membership card	Total
Cost				
Balance on January 1, 2020	$ 12,750	$ 29,243	$ -	$ 41,993
Acquired separately	84,675	2,458	8,763	95,896
Balance on December 31, 2020	$ 97,425	$ 31,701	$ 8,763	$ 137,889

(Continued on the next page)

(Continued from previous page)

	Patents	Cost of Computer software	Golf membership card	Total
Accumulated amortization and impairment				
Balance on January 1, 2020	$ 10,625	$ 21,288	$ -	$ 31,913
Amortization expenses	3,513	2,841	-	6,354
Balance on December 31, 2020	$ 14,138	$ 24,129	$ -	$ 38,267
Net Balance, December 31, 2020	$ 83,287	$ 7,572	$ 8,763	$ 99,622
Cost				
Balance on January 1, 2019	$ 12,750	$ 28,875	$ -	$ 41,625
Acquired separately	-	368	-	368
Balance on December 31, 2019	$ 12,750	$ 29,243	$ -	$ 41,993
Accumulated amortization and impairment				
Balance on January 1, 2019	$ 8,500	$ 18,330	$ -	$ 26,830
Amortization expenses	2,125	2,958	-	5,083
Balance on December 31, 2019	$ 10,625	$ 21,288	$ -	$ 31,913
Net Balance, December 31, 2019	$ 2,125	$ 7,955	$ -	$ 10,080

Golf membership card of the parent company only company is a right of use and the management of the parent company only company considers that the parent company only company has the intention and ability to extend the useful life continuously, hence it is an intangible asset with indefinite useful life, and is tested for impairment annually whether or not there is any indication of impairment. Security deposit of golf membership amounted to $12,000 thousand and recognized as refundable deposits.

Amortization expenses are calculated by straight-light basis using the estimated useful lives as follows:

Cost of Computer software	3~10 years
Franchise	3 years and a half year
Patents	6~10 years

Amortization expenses summarized by function:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Operating costs	$ 305	$ 450
Selling and marketing expenses	4,098	2,797
General and administrative expenses	1,924	1,721
Research expenses	27	115
	$ 6,354	$ 5,083

16. Prepayments

	December 31, 2020	December 31, 2019
Current		
Advance payment	$ 8,871	$ 20,221
Prepaid rent	773	1,934
Tax overpaid retained for offsetting the future tax payable	9,549	17,192
Other prepayments	13,142	17,724
	$ 32,335	$ 57,071

17. Other Assets

	December 31, 2020	December 31, 2019
Current		
Other current assets		
Temporary payments	$ 1,483	$ 1,063
Advances to employees	-	5
	$ 1,483	$ 1,068
Non-current		
Other non-current assets		
Counter-guarantee deposit (I)	$ -	$ 978,870

a. Please refer to Note 35 and 36 for information on counter-guarantee deposit .

18. Borrowings

a. Short-term borrowings

	December 31, 2020	December 31, 2019
Secured loans (Note 35)		
Bank loans	$ 150,000	$ -
Unsecured loans		
Line of credit loans	50,000	92,000
	$ 200,000	$ 92,000

The interest rates on bank revolving loans were 1.3%～1.5% and 1.7%～1.8% for the years ended December 31, 2020 and 2019.

b. Long-term borrowings

The Company's borrowings include:

	Maturity Date	Material terms and conditions	Effective interest rate	December 31, 2020	December 31, 2019
Secured loans					
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	July 6, 2020	The borrowing period was from July 6, 2015 to July 6, 2020 with interests paid monthly, and principal evenly split into a total of 60 installments.	1.57	$ -	$ 8,167
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	April 5,2022	The borrowing period was from April 5, 2017 to April 4, 2022 with principal due upon maturity.	1.70	25,000	25,000
Secured bank loans of Item Jia in New Taiwan Dollars of Taiwan Cooperative Bank	April 2, 2025	The borrowing period was from April 2, 2018 to April 2, 2025 with principal and interests of $2 million paid monthly, and the remaining principal due upon maturity in full. It was fully repaid in advance in March 2020.	2.16	-	282,216
Secured bank loans of Item Yi in New Taiwan Dollars of Taiwan Cooperative Bank	April 2, 2038	The borrowing period was from April 2, 2018 to April 2, 2038 with interests paid monthly in the first two years, and principal and interests evenly split and paid monthly beginning in the third year. It was fully repaid in advance in March 2020.	2.16	-	872,100
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	July 14, 2036	The borrowing period was from July 14, 2016 to July 14, 2036 with grace period of 2 years from August 1, 2016, evenly split on a monthly basis after the grace period. It was fully repaid in advance in January 2020.	1.48	-	81,258
Secured bank loans in New Taiwan Dollars of First Bank	August 6, 2039	The borrowing period was from August 6, 2019 to August 6, 2039 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.45	41,934	43,869
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	March 31, 2027	The borrowing period was from March 31, 2020 to March 31, 2027 with principal and interests evenly split into a total of 84 installments.	1.25	163,396	-
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	March 31, 2040	The grace period was from March 31, 2020 to March 31, 2023 with interests paid monthly by the amount of the loans during this period, and principal and interests evenly split into a total of 204 installments since March 31, 2023.	1.15	872,000	-
Secured bank loans in New Taiwan Dollars of Bank of Panhsin	February 21, 2035	The borrowing period was from February 21, 2020 to February 21, 2035 with principal and interests evenly split into a total of 180 installments, and with fixed annuities.	1.67	49,361	-
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	March.11, 2027	The borrowing period was from March 11, 2020 to March 11, 2027 with principal and interests evenly split into a total of 84 installments.	1.30	159,900	-
Secured bank loans in New Taiwan Dollars of First Bank	June 1, 2027	The borrowing period was from June 1, 2020 to June 1, 2027 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.50	28,892	-
Secured bank loans in New Taiwan Dollars of First Bank	June 5, 2027	The borrowing period was from June 5, 2020 to June 5, 2027 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.50	3,728	-
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	April 9, 2027	The borrowing period was from April 9, 2020 to April 9, 2027 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.25	295,258	-
Secured bank loans in New Taiwan Dollars of First Bank	June 5, 2027	The borrowing period was from June 5, 2020 to June 5, 2027 with principal and interests evenly split into a total of 84 installments, and interests calculated monthly.	1.65	24,241	-
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	August 21, 2040	The borrowing period was from August 21, 2020 to August 21, 2040 with grace period of 3 years, evenly split on a monthly basis after the grace period, and interests calculated monthly.	1.25	120,000	-
Line of credit loans					
Line of credit loans in New Taiwan Dollars of First Bank	November 15, 2021	The borrowing period was from November 15, 2018 to November 15, 2021 evenly split into a total of 36 installments for monthly repayments. It was fully repaid in advance in August 2020.	1.75	-	5,118
Line of credit loans in New Taiwan Dollars of Hua Nan Bank	July 26, 2022	The borrowing period was from July 26, 2019 to July 26, 2022 with interests paid monthly, and principal evenly split into a total of 36 installments. It was fully repaid in advance in August 2020.	1.57	-	21,528
Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	March 31, 2025	The borrowing period was from April 1, 2020 to March 31, 2025 with principal and interests evenly split into a total of 60 installments, and interests calculated monthly.	1.55	65,306	-
Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	March 31, 2025	The borrowing period was from May 15, 2020 to March 31, 2025 with principal and interests evenly split into a total of 59 installments, and interests calculated monthly.	1.55	33,181	
				1,882,197	1,339,256
Less: Current portion matured in 1 year				(116,779)	(70,692)
Long-term Borrowings				$ 1,765,418	$ 1,268,564

Please refer to Note 35 and 36 for the collateral of the above bank loans.

19. Corporate Bonds Payable

	December 31, 2020	December 31, 2019
Domestic secured convertible bonds	$ 6,967	$ 285,243
Less: Current portion matured in 1 year	-	-
	$ 6,967	$ 285,243

Domestic secured convertible bonds

On November 21, 2019, the Company issued 3,000 units with 3-year issuance periods of NTD denominated secured convertible corporate bonds at a coupon rate of 0% with a principal amounted to $300,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the Company at $125 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted. On September 24, 2019, the Board of Directors of the parent company only company resolved to issue 3,000 thousand new shares with a par value of $10 per share for the cash capital increase, with the base date of the capital increase of November 26, 2019, and the conversion price of the parent company only corporate bonds was adjusted to $124 per share beginning in the record date of that capital increase. The conversion price of the parent company only Corporate Bonds was adjusted to $123.3 as per the Adjustment Method on March 18, 2020. The conversion price of the parent company only corporate bonds was adjusted to $122.8 as per the adjustment formula on August 28, 2020. The conversion period was from February 22, 2020 to November 21, 2022. The corporate bonds not converted during the period will be redeemed in cash at par value on November 21, 2022.

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the closing price of the Company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the Company may, within 30 business days, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period; from the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of total initial issue amount, the Company may, at any time after that time, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus – share option. The equity component is initially recognized at the effective interest rate of 1.76%.

The contents of the conversion which was partially converted by the Company per the requests of the bond holders as of December 31, 2020 are as follows:

	For the year ended December 31, 2020
Total amount of requested conversion of bonds	$ 292,800
Less: Shares capital of ordinary shares issued at the conversion price of the above mentioned convertible bonds in accordance with issuance regulations.	(23,775)
premium on conversion	269,025
Add: capital surplus – share option	11,360
Less: Discount on corporate bonds payable	(10,804)
Financial assets at fair value through profit or loss	(556)
odd lot transferred into other revenue	(8)
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	$ 269,017

Movements of the master contracts of debt from the issuance date to December 31, 2020 are as follows:

	Amount
Issue proceeds on November 21, 2019 (less transaction costs of $ 4,411 thousand)	$ 295,589
Equity components (less transaction cost allocated to equity of $171)	(11,469)
Derivatives components - redemption rights	570
Liability components on issuance date (Derivatives components - redemption rights)	284,690
Interests calculated at the effective interest rate of 1.76%	553
Liability components on December 31, 2019	$ 285,243
Liability components on January 1, 2020	$ 285,243
Interests calculated at the effective interest rate of 1.76%	3,720
Ordinary shares converted from corporate bonds payable	(281,996)
Liability components on December 31, 2020	$ 6,967

Please refer to Note 36 for the collateral of the above convertible corporate bonds.

20. Note Payables and Trade Payables

	December 31, 2020	December 31, 2019
Notes payable		
Arising from operations - unrelated parties	$ -	$ 4,976
Arising from operations - related parties (Note 34)	$ -	$ 447
Trade payables		
Arising from operations - unrelated parties	$ 109,665	$ 125,746
Trade payables		
Arising from operations - related parties (Note 34)	$ 17,557	$ 14,113

The average credit periods of parts of Commodities purchased by the Company are 1 ~ 3 months, and interests re not added to the trade payables. The Company has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

21. Other Liabilities

	December 31, 2020	December 31, 2019
Current		
Other payables		
Equipment payment payable	$ 20,444	$ 8,670
Salaries and bonuses payable	40,206	26,151
Employee compensation payable	30,944	14,778
Directors and supervisors remuneration payable	18,565	8,867
Interest payable	762	2,226
Vacation leave payment payable	9,693	7,972
Dividends payable	113,879	69,889
Other	123,323	28,732
	$ 357,816	$ 167,285
Other Liabilities		
Temporary received	$ 105	$ 63
Received on behalf of others	1,450	2,060
	$ 1,555	$ 2,123

22. Provisions

	December 31, 2020	December 31, 2019
Current		
Warranty	$ -	$ 45

Warranty provisions is the present value of the best estimate of the future economic benefits resulted from the Company's management due to warranty obligations according to the agreements of sales contracts of commodities. This estimate is based on the historical experience of warranty and considers the adjustment of new raw materials, changes in manufacturing process, or other factors affecting quality of the products.

23. Benefits after retirement

a. Defined contribution plans

The pension system of the "Labor Pension Act" applicable to the Company was a defined contribution plan under government administration, and 6% of the employees' monthly salaries is contributed to their personal accounts at the Bureau of Labor Insurance.

b. Defined benefit plans

The pension system conducted by the Company of the Company under the "Labor Standards Act" of our country is a defined benefit retirement plan administered by the government. The payment of the employee's pension is based on the length of service and the average salary of six months before the approved retirement date. Those companies contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The exclusive account is administered by the Bureau of Labor Funds of the Ministry of Labor, and the Company retains no rights that may influence its investment and administration strategies.

The amount of defined benefit plan included in the parent company only balance sheet is as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 23,201	$ 21,089
Fair value of plan assets	(4,446)	(3,160)
Net defined benefit liabilities	$ 18,755	$ 17,929

The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2019	$ 15,338	($ 3,023)	$ 12,315
Interest expenses (income)	147	(29)	118
Recognized in profit or loss	147	(29)	118
Remeasurements			
Actuarial losses – changes in financial assumptions	1,139	-	1,139
Actuarial (gains) losses - experience adjustments	4,465	(108)	4,357
Recognized in other comprehensive income	5,604	(108)	5,496
Employer contributions	-	-	-
December 31, 2019	21,089	(3,160)	17,929

(Continued on the next page)

(Continued from previous page)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Interest expenses (income)	$ 148	($ 22)	$ 126
Recognized in profit or loss	148	(22)	126
Remeasurements			
Actuarial losses – changes in financial assumptions	128	-	128
Actuarial (gains) losses - experience adjustments	1,836	(110)	1,726
Recognized in other comprehensive income	1,964	(110)	1,854
Employer contributions	-	(1,154)	(1,154)
December 31, 2020	$ 23,201	($ 4,446)	$ 18,755

The amounts recognized in profit or loss for the defined benefit plans are summarized by function as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
General and administrative expenses	$ 126	$ 118

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1) Investment risk: The Labor Fund Application Bureau of the Ministry of Labor invests in domestic and foreign equity securities, debt securities and bank deposits, through self-employment and entrusted operations. However, the amount of the Company's planned assets is calculated as not lower than the income from the local bank's 2-year fixed rate of time deposit.

2) Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

3) Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation of the Company is determined by a qualified actuary. The significant assumptions on the measurement date are as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.3006%	0.7032%
Expected salary increase rate	2.5000%	3.0000%

Mortality rate is based on Taiwan life insurance experience life table of 2012.

Turnover rate is based on the data obtained from the materials of employee turnover experiences provided by the Company after taking into account of future trends, and it is applied prospectively.

If there are reasonable and possible changes in material actuarial assumptions while all other assumptions remain unchanged, the amount of increase (decrease) in the present value of the defined benefit obligation is as follows:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.5%	($ 1,321)	($ 1,297)
Decrease by 0.5%	$ 840	$ 1,398
Expected salary increase rate		
Increase by 0.5%	$ 1,366	$ 1,347
Decrease by 0.5%	($ 1,287)	($ 1,263)

As actuarial assumptions may be related to one another, the likelihood of one assumption changing is low. Therefore, the sensitivity analysis above may not be representative of the actual change in the present value of defined benefit obligations.

	December 31, 2020	December 31, 2019
The expected amount of contribution within 1 year	$ 1,184	$ -
The average maturity period of defined benefit obligations	11.9 years	12.9 years

24. Equity

a. Ordinary share capital and share capital collected in advance

	December 31, 2020	December 31, 2019
Nominal shares (in Thousand Shares)	100,000	100,000
Nominal share capital	$ 1,000,000	$ 1,000,000
Number of shares issued and payments received in full (thousand shares)	76,059	70,561
Share capital issued	$ 760,586	$ 705,606
Share capital collected in advance	$ 79,795	$ 35,000

On September 24, 2019, the Board of Directors resolved a capital increase in cash to issue 3,500 thousand of new shares with a par value of $10 per share, and issued on premiums for NT$110 per share with the paid-in capital after the capital increase amounted to $740,606 thousand. The above mentioned capital increase in cash had been reported and approved for effectiveness by the Securities and Futures Bureau, Financial Supervisory Commission on October 30, 2019, and the ex-rights date of the capital increase was November 26, 2019 resolved by the Board of Directors. The statutory procedures were completed on March 2, 2020 as the share capital collected in advance was transferred to ordinary share capital.

On October 16, 2020, the Board of Directors resolved a capital increase in cash to issue 7,600 thousand of new shares with a par value of $10 per share, and issued on premiums for NT$236 per share. The above mentioned capital increase in cash had been reported and approved for effectiveness by the Securities and Futures Bureau, Financial Supervisory Commission on November 12, 2020, and the ex-rights date of the capital increase was December 15, 2020 resolved by the Board of Directors. The statutory procedures were completed on February 24, 2021 as the share capital collected in advance was transferred to ordinary share capital.

As of December 31, 2020, the bond holders of the Company's unsecured convertible corporate bonds had requested to convert into 2,377 thousand ordinary shares, of which 379 thousand shares were recorded as share capital collected in advance amounted to \$3,795 thousand, and the registration of the change was made after new shares issued on the ex-rights date of the capital increase according to the law.

b. Capital Surplus

	December 31, 2020	December 31, 2019
Used to offset deficit, distribute cash, or replenish share capital(1)		
Premium on issuance of shares	\$ 921,481	\$ 785,587
Premium on conversion of convertible corporate bonds	269,017	-
Treasury shares transactions	103,161	48,125
Only to offset deficit		
Invalid employees stock options	763	763
Not to be used for any purposes		
Employees stock options	84,971	18,965
Stock warrants	17,464	28,824
	\$ 1,396,857	\$ 882,264

1) This type of capital surplus may be used to offset deficit or issue cash or replenish share capital when there are no loss, but share capital replenishment is restricted to the ratio of actual share capital stock each year.

c. Retained Earnings and Dividends Policy

The Company has resolved the amendments to the Articles in the shareholders' meeting on May 29, 2019, which stipulates that the Company's earning distribution or appropriation for deficits shall be made after the end of the half-year period in a fiscal year. As in the form of new share issuance, the proposal shall be resolved in the shareholders' meeting before the distribution; as in the form of cash, the proposal shall be resolved by the Board of Directors and then reported in the shareholders' meeting.

According to the Company's Articles of Incorporation of the earnings distribution policy before the amendment, the Company shall make appropriations from its net income (less any deficit), if any, to pay the taxes in comply with the laws, offset its accumulated deficit, set aside a legal reserve at 10% of the remaining earnings. Of the remainder, together with any unappropriated earnings of prior years, shall be proposed by the Board of Directors as a plan for the distribution of the remaining undistributed earnings, and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends to shareholders. For the policies on employees' compensation and remuneration of directors and supervisors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 26(7).

The legal reserve shall be allocated until it reaches the balance of the Company's paid-in capital. The legal reserve can be used to offset deficit. When the Company has no loss, the part of the legal capital reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

The Company set aside and reverses special surplus reserve and reversal according to the Financial Supervisory Securities Letter No. 1010012865, the Financial Supervisory Commission's Letter No. 1010047490, the Financial Supervisory Securities Letter No.

1030006415, and the "Q&A of Application of Set Aside Special Reserve After Adoption of International financial statements Standards (IFRSs)".

The Company resolved and approved the earnings distribution proposal for the year ended December 31, 2018 in the shareholders' meeting held on May 29, 2019.

	For the year ended December 31, 2018
Legal reserve	$ 1,906
Special reserve	$ 12,652
Cash dividend	$ 17,640
Cash dividend per share (Dollar)	$ 0.25

The earnings distribution proposal for the first half and second half of 2019 were resolved by the Company's Board of Directors on December 28, 2019 and March 11, 2020, respectively, as follows:

	Second half of 2019	First half of 2019
Legal reserve	$ 9,637	$ 12,779
Special reserve	$ 19,143	($ 3,549)
Cash dividend	$ 80,727	$ 69,889
Cash dividend per share (Dollar)	$ 1.08	$ 0.95

The above mentioned cash dividend was resolved by the Board of Directors to distribute, and the rest was resolved by the shareholders' meeting held on May 27, 2020.

The earnings distribution proposal for the first half of 2020 was resolved by the Company's board of directors on December 25, 2020 as follows:

	From January 1 to June 30, 2020
Legal reserve	$ 13,119
Special reserve	$ 6,128
Cash dividend	$ 113,879
Cash dividend per share (Dollar)	$ 1.36

The earnings distribution proposal for the second half of 2020 had been proposed by the Company's board of directors on March 12, 2021 as follows:

	From July 1 to December 31, 2020
Legal reserve	$ 32,726
Special reserve	($ 13,298)
Cash dividend	$ 292,751
Cash dividend per share (Dollar)	$ 3.5

The earnings distribution proposal for the year ended December 31, 2020 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 31, 2021.

d. Other Equity Items

Exchange differences on translating the financial statements of foreign operations

	For the year ended December 31, 2020	For the year ended December 31, 2019
Balance at the beginning of the year	($ 20,658)	($ 12,652)
Accrued in the current year		
Translation differences of foreign operations	3,668	(8,949)
Disposal of shares of associates accounted for using the equity method	-	943
Other comprehensive income of the year	3,668	(8,006)
Balance at the end of the year	($ 16,990)	($ 20,658)

e. Treasury shares

Reason for buy-back	Shares transferred to employees (in Thousand Shares)	Buy-back for Cancellation (in Thousand Shares)	Shares of parent company held by subsidiaries (in Thousand Shares)	Total (in Thousand Shares)
Number of shares on January 1, 2020	672	-	-	672
Decrease in the period	(223)	-	-	(223)
Number of shares on December 31, 2020	449	-	-	449
Number of shares on January 1, 2019	1,362	-	-	1,362
Decrease in the period	(2,190)	-	-	(2,190)
Increase in the period	1,500	-	-	1,500
Number of shares on December 31, 2019	672	-	-	672

In February 2019, the Company transferred treasury shares to employees with transferred treasury shares of 1,362 thousand shares at a total buy-back cost of $43,500 thousand. The record date of the employee shares subscription for these treasury shares was February 11, 2019 and the date to deliver the shares to employees was February 27, 2019. The Company has recognized staff compensation costs of $1,294 thousand at the grant date, the consideration received for the transfer of treasury shares amounted to $43,502 thousand, recognized the capital reserve – treasury shares transaction of $1,166 thousand at the date to deliver the shares to employees, and please refer to Note 29.

In July 2019, the Company transferred treasury shares to employees with transferred treasury shares of 424 thousand shares at a total buy-back cost of $14,438 thousand. The record date of the employee shares subscription for these treasury shares was July 18, 2019 and the date to deliver the shares to employees was August 8, 2019. The Company has recognized staff compensation costs of $9,137 thousand at the grant date, the consideration received for the transfer of treasury shares amounted to $14,437 thousand, recognized the capital reserve – treasury shares transaction of $9,093 thousand at the date to deliver the shares to employees, and please refer to Note XXIX.

In November 2019, the Company transferred treasury shares to employees with transferred treasury shares of 404 thousand shares at a total buy-back cost of $13,757 thousand. The record date of the employee shares subscription for these treasury shares was November 5, 2019 and the date to deliver the shares to employees was November 25, 2019. The Company has recognized staff compensation costs of $35,916 thousand at the grant date, the consideration received for the transfer of treasury shares amounted to $13,756 thousand, recognized the capital reserve – treasury shares transaction of $35,874 thousand at the date to deliver the shares to employees, and please refer to Note 29.

In September 2020, the Company transferred treasury shares to employees with transferred treasury shares of 223 thousand shares at a total buy-back cost of $7,593 thousand. The record date of the employee shares subscription for these treasury shares was September 30, 2020 and the date to deliver the shares to employees was November 6, 2020. The Company has recognized staff compensation costs of $55,059 thousand at the grant date, the consideration received for the transfer of treasury shares amounted to $7,593 thousand, recognized the capital reserve – treasury shares transaction of $55,036 thousand at the date to deliver the shares to employees, and please refer to Note 29.

1,500 thousand shares bought back by the Company between April 11, 2019 and May 24, 2019 were transferred to employees within 5 years pursuant to the provisions of the Securities and Exchange Act, and those did not transferred before the due date were considered as unissued shares of the Company subject to process the registration of changes.

Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

25. Revenue

	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from customer contracts		
Sales Revenue of Commodities	$ 1,430,164	$ 1,213,811

a. Explanation of customer contracts

Sales Revenue of Commodities

The sales revenue of commodities comes from the manufacturing of mask packages, its service of design, and the sales of semiconductor related products. Upon shipping of the products, the clients has the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. the Company recognizes revenue and trade receivable at that point in time.

b. Balance of contracts

	December 31, 2020	December 31, 2019
Trade receivable (Note 9)	$ 357,516	$ 156,734
Contract liabilities – Unearned sales revenue		
Sales of Commodities	$ 2,562	$ 3,914

The contract liabilities from the beginning of the year and from previous periods whose performance obligations were fulfilled were recognized as revenue for the year amounted to $3,914 thousand.

c. Breakdown of revenue from customer contracts

Please refer to Statement X for information on the breakdown of revenue.

26. Net income before tax

a. Interest income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Bank deposits	$ 102	$ 246
Imputed interest on deposits	71	64
Interests on guarantee deposit	508	-
Borrowings - related parties	303	619
	$ 984	$ 929

b. Other income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rental income		
Investment properties (Note 14)	$ 35,961	$ 50,686
Other rental	4,451	3,069
	40,412	53,755
Dividend income		
Financial assets at fair value through profit or loss	-	1,094
Other	20,139	3,948
	$ 60,551	$ 58,797

c. Other gains and (losses)

	For the year ended December 31, 2020	For the year ended December 31, 2019
Gain (loss) of financial assets and financial liabilities		
Financial assets mandatorily classified as at fair value through profit or loss		
– Unrealized	$ -	($ 27,589)
– Realized	(986)	1,020
	(986)	(26,569)
Gain (loss) on disposal of property, plant and equipment		
– Unrelated parties transaction	(139,267)	165,530
– Realized loss with subsidiary	-	(212)
	(139,267)	165,318
Gain (loss) on disposal of intangible asset		
– Realized gain with subsidiary	-	171
Net gain (loss) on foreign exchange	(5,617)	441
Gain on lease amendment	660,628	-
Other	(29,692)	(542)
	$ 485,066	$ 138,819

For the year ended December 31, 2020, the Company entered into a relocation agreement with Taiwan Semiconductor Manufacturing Co. Ltd. at a compensation price of $660,000 thousand, which included the relevant expenses arising from the relocation of the plants and the production capacity reconstruction works, and the loss on disposal of property, plant and equipment of $139,846 thousand and the gain on full termination of the lease of $660,628 thousand, respectively, which was fully received as of December 31, 2020, were recognized due to the termination of the lease and the relocation of the plants.

d. Finance costs

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest on bank loans	$ 26,183	$ 33,596
Interest on convertible corporate bonds	3,720	553
Interest on borrowings from related parties	1,194	3,255
Interest on lease liabilities	1,348	1,557
Imputed interest on deposits	90	62
	$ 32,535	$ 39,023

e. Depreciation and amortization expenses

	For the year ended December 31, 2020	For the year ended December 31, 2019
Depreciation expenses summarized by function		
Operating costs	$ 79,025	$ 67,287
Operating expenses	32,062	25,928
	$ 111,087	$ 93,215
Amortization expenses summarized by function		
Operating costs	$ 305	$ 450
Operating expenses	6,049	4,633
	$ 6,354	$ 5,083

f. Employee benefits expenses

	For the year ended December 31, 2020	For the year ended December 31, 2019
Benefits after retirement		
Defined contribution plans	$ 9,104	$ 6,667
Defined benefit plans (Note 23)	126	118
	9,230	6,785
Share-based payments		
Equity settlement	121,065	56,007
Other employee benefits	326,843	250,166
Total employee benefit expenses	$ 457,138	$ 312,958
Summarized by function		
Operating costs	$ 135,844	$ 95,613
Operating expenses	321,294	217,345
	$ 457,138	$ 312,958

g. Employees' Compensation and Remunerations of Directors and Supervisors

The Company allocates the employees' compensation and remuneration of directors and supervisors for not less than 3% and not more than 3%, respectively, of the income before tax before deducting the distributed the employees' compensation and the remuneration of directors and supervisors in the current year. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Board of Directors on March 12, 2021 and March 11, 2020, respectively, were as follows:

Estimated ratio

	For the year ended December 31, 2020	For the year ended December 31, 2019
Employees' compensation	5%	5%
Remuneration of directors and supervisors	3%	3%

Amount

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Cash	Stock	Cash	Stock
Employees' compensation	$ 30,944	$ -	$ 14,778	$ -
Remuneration of directors and supervisors	18,565	-	8,867	-

If there is any change in the amount after the date of issuance of the annual parent company only financial statements, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

There was no difference between the actual amount paid of employees' compensation and remuneration of directors and supervisors for the year ended December 31, 2019 and the amount recognized in the parent company only financial statements for the year ended December 31, 2019.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's Board of Directors for the years ended December 31, 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. Income Tax

a. Income Tax Recognized in profit or loss

The main components of income tax expenses are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Current income tax		
Incurred for the year	$ 130,388	$ 16,590
Surtax on unappropriated earnings	-	2,275
Adjustments from prior years	(2,260)	59
	128,128	18,924
Deferred income tax		
Incurred for the year	(19,083)	(133)
Loss carryforward	-	26,611
Adjustments from prior years	-	2,365
	(19,083)	28,843
Income tax expense recognized in profit or loss	$ 109,045	$ 47,767

The adjustment of accounting income and current income tax expense is as follows

	For the year ended December 31, 2020	For the year ended December 31, 2019
Net income before Tax	$ 569,357	$ 271,922
Income tax expenses of net income before tax calculated at the legal tax rate	$ 113,871	$ 54,384
Non-deductible tax expense	3,455	21,367
Tax-exempted income	(6,021)	(31,801)

	For the year ended December 31, 2020	For the year ended December 31, 2019
Surtax on unappropriated earnings	$ -	$ 2,275
Issuance costs of corporate bond	-	(882)
Current income tax expense from previous years adjusted in the year	(2,260)	59
Deferred income tax expense from previous years adjusted in the year	-	2,365
Income tax expense recognized in profit or loss	$ 109,045	$ 47,767

In July 2019, the President of our country put into effect the amended Statutes for Industrial Innovation, stipulating that from 2018 onwards, any undistributed earnings, if taken for building or purchasing specific assets or techniques, can be listed as a deduction to the calculation of undistributed earnings. While calculating the undistributed earnings, the Company simply deducts the amount of capital expenditures of reinvestment that is actually in progress.

b. Current income tax liabilities

	December 31, 2020	December 31, 2019
Current income tax liabilities		
Income tax payable	$ 122,000	$ 18,783

c. Deferred tax assets and liabilities

The changes in deferred tax assets and liabilities are as follows:

For the year ended December 31, 2020

	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Deferred tax assets			
Temporary differences			
Unrealized gain or loss on exchange	$ 26,617	$ 18,955	$ 45,572
Unrealized loss on transactions with subsidiaries	347	(1)	346
Vacation leave payment payable	1,594	345	1,939
Allowance for Doubtful Debts over limit	343	(136)	207
Defined benefit retirement plan	31	(31)	-
Unrealized loss on exchange	56	161	217
	$ 28,988	$ 19,293	$ 48,281

(Continued on the next page)

(Continued from previous page)

Deferred tax liabilities	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Temporary differences			
Unrealized loss on transactions with subsidiaries	$ 225	$ 35	$ 260
Defined benefit retirement plan	-	175	175
	$ 225	$ 210	$ 435

For the year ended December 31, 2019

Deferred tax assets	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Temporary differences			
Unrealized gain or loss on exchange	$ 22,512	$ 4,105	$ 26,617
Unrealized loss on transactions with subsidiaries	304	43	347
Vacation leave payment payable	1,266	328	1,594
Allowance for Doubtful Debts over limit	4,797	(4,454)	343
Defined benefit retirement plan	8	23	31
Unrealized loss on exchange	-	56	56
	28,887	101	28,988
Loss carryforward	28,976	(28,976)	-
	$ 57,863	($ 28,875)	$ 28,988
Deferred tax liabilities			
Temporary differences			
Unrealized gain on exchange	$ 66	($ 66)	$ -
Unrealized loss on transactions with subsidiaries	191	34	225
	$ 257	($ 32)	$ 225

d. Income tax assessments

The annual income tax return of a profit-seeking enterprise of the Company have been assessed by the tax authorities, except for 2019, through the 2018 annual income tax return of a profit-seeking enterprise.

28. Earnings per Share

Weighted average of ordinary shares and earnings used for calculating earnings per share are as follows:

Net income for the year

	For the year ended December 31, 2020	For the year ended December 31, 2019
Net income used to calculate earnings per share	$ 460,312	$ 224,155
Impacts of potential ordinary shares with dilution effect:		
Valuation gain or loss on after-tax interest of convertible corporate bonds and conversion options	3,961	442
Net income used for calculating basic earnings per share	$ 464,273	$ 224,597

Number of Shares Unit: thousand shares

	For the year ended December 31, 2020	For the year ended December 31, 2019
Weighted average of ordinary shares used for calculating basic earnings per share	74,430	68,993
Impacts of potential ordinary shares with dilution effect:		
Convertible corporate bonds	1,370	265
Employees' compensation	174	91
Weighted average of ordinary shares used for calculating dilutive earnings per share	75,974	69,349

If the Company has the option to issue the employee bonus in stocks or cash when calculating the diluted earnings per share, it is assumed that the employee bonus will adopt the method of issuing stocks, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential ordinary shares are diluted. While determining diluted earnings per share before distributing shares to employees as compensations in the following year, dilutive effects of such potential ordinary shares should still be considered.

29. Share-based Payment Agreement

a. The first transfer of treasury shares to employees in 2019

The regulations of transfer of treasury shares of the Company was approved by the Board of Directors on November 6, 2018, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on February 11, 2019 to purchase 1,362 thousand of treasury shares at the subscription price of $31.94. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

	For the year ended December 31, 2019	
Employee share options of treasury shares	Unit (Thousands)	Weighted-Average Exercise price (Dollar)
Outstanding at the beginning of the period	-	$ -
Granted for the period	1,362	31.94
Exercised for the period	(1,362)	31.94
Outstanding at the end of the period	-	
Weighted-average fair value of the employee share options of treasury shares granted for the period (Dollar)	$ 0.95	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	1,362 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	$32.75
Exercised price	$31.94
Expected Volatility	31.35%
Duration	4 days
Risk-free Interest Rate	0.36%

Cost of compensation recognized for the year ended December 31, 2019 amounted to $1,294 thousand.

b. The second transfer of treasury shares to employees in 2019

The regulations of transfer of treasury shares of the Company was approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on July 18, 2019 to purchase 424 thousand of treasury shares at the subscription price of $34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

	For the year ended December 31, 2019	
Employee share options of treasury shares	Unit (Thousands)	Weighted-Average Exercise price (Dollar)
Outstanding at the beginning of the period	-	$ -
Granted for the period	424	34.05
Exercised for the period	(424)	34.05
Outstanding at the end of the period	-	
Weighted-average fair value of the employee share options of treasury shares granted for the period (Dollar)	$ 21.55	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	424 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	$55.6
Exercised price	$34.05
Expected Volatility	39.91%
Duration	7 days
Risk-free Interest Rate	0.45%

Cost of compensation recognized for the year ended December 31, 2019 amounted to $9,137 thousand.

c. The third transfer of treasury shares to employees in 2019

The regulations of transfer of treasury shares of the Company was approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on November 5, 2019 to purchase 404 thousand of treasury shares at the subscription price of $34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

	For the year ended December 31, 2019	
Employee share options of treasury shares	Unit (Thousands)	Weighted-Average Exercise price (Dollar)
Outstanding at the beginning of the period	-	$ -
Granted for the period	404	34.05
Exercised for the period	(404)	34.05
Outstanding at the end of the period	-	
Weighted-average fair value of the employee share options of treasury shares granted for the period (Dollar)	$ 88.9	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	404 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	$123
Exercised price	$34.05
Expected Volatility	42.33%
Duration	2 days
Risk-free Interest Rate	0.6%

Cost of compensation recognized for the year ended December 31, 2019 amounted to $35,916 thousand.

d. The first transfer of treasury shares to employees in 2020

The regulations of transfer of treasury shares of the Company was approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on September 30, 2020 to purchase 223 thousand of treasury shares at the subscription price of $34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

	For the year ended December 31, 2020	
Employee share options of treasury shares	Unit (Thousands)	Weighted-Average Exercise price (Dollar)
Outstanding at the beginning of the period	-	$ -
Granted for the period	223	34.05
Exercised for the period	(223)	34.05
Outstanding at the end of the period	-	
Weighted-average fair value of the employee share options of treasury shares granted for the period (Dollar)	$ 246.9	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	223 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	$281
Exercised price	$34.05
Expected Volatility	67.23%
Duration	17 days
Risk-free Interest Rate	0.35%

Cost of compensation recognized for the year ended December 31, 2020 amounted to $55,059 thousand.

e. Cash capital increase retained for employee share options

On September 24, 2019, the Board of Directors of the Company resolved to issue 3,500 thousand new ordinary shares. The above-mentioned case of cash capital increase has been approved and declared effective by the Securities and Futures Bureau, Financial Supervisory Commission on October 30, 2019, and the record date of capital increase was November 26, 2019 resolved by the Board of Directors.

The above mentioned cash capital increase issues new shares retained for employees' subscription with November 13, 2019 as grant date.

The information on employee stock options is as follows:

	For the year ended December 31, 2019	
Employees stock options	Unit (Thousands)	Weighted-Average Exercise price (Dollar)
Outstanding at the beginning of the year	-	$ -
Granted for the year	525	110
Given up for the year	-	-
Exercised for the year	(525)	
Outstanding at the end of the year	-	
Exercisable at the end of the year	-	
Weighted-average fair value of the employee stock options for the year (Dollar)	$ 18.4	

The employee stock options exercised for the year ended December 31, 2019 and its weighted-average share price on the exercise date amounted to $110.

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	November 2019
Number of Shares	525 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	$126.5
Exercised price	$110
Expected Volatility	42.78%
Duration	48 days
Risk-free Interest Rate	0.613%

Cost of compensation recognized for the year ended December 31, 2019 amounted to $9,660 thousand.

f. Cash capital increase retained for employee share options

On October 16, 2020, the Board of Directors of the Company resolved to issue 7,600 thousand new ordinary shares. The above-mentioned case of cash capital increase has been approved and declared effective by the Securities and Futures Bureau, Financial Supervisory Commission on November 12, 2020, and the record date of capital increase was December 15, 2020 resolved by the Board of Directors.

The above mentioned cash capital increase issues new shares retained for employees' subscription with December 2, 2020 as grant date.

The information on employee stock options is as follows:

	For the year ended December 31, 2020	
Employees stock options	Unit (Thousands)	Weighted-Average Exercise price (Dollar)
Outstanding at the beginning of the year	-	$ -
Granted for the year	1,140	236
Given up for the year	-	-
Exercised for the year	-	
Outstanding at the end of the year	1,140	
Exercisable at the end of the year	-	
Weighted-average fair value of the employee stock options for the year (Dollar)	$ 57.9	

The information on the outstanding employee stock options is as follows:

	December 31, 2020
Range of exercise price (Dollar)	$ 236
Weighted-average remaining duration of contracts (year)	0.049 year

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	December 2020
Number of Shares	1,140 thousand shares
Restricted transfer period	Unrestricted
Share price on the grant date	$287
Exercised price	$236
Expected Volatility	64.59%
Duration	48 days
Risk-free Interest Rate	0.365%

Cost of compensation recognized for the year ended December 31, 2020 amounted to $66,006 thousand.

30. Partially Acquisition of Disposal of investment in subsidiaries - no impact on control

On July 24, 2020, the Company did not acquired shares of Gudeng Automation in proportion to the shareholding ratio resulting in a increase on the shareholding ratio from 50.72% to 50.87%.

As the above-mentioned transaction for the year ended December 31, 2020 did not change the control over the subsidiary, the Company treated the transaction as a equity transaction.

	(July 24, 2020) Gudeng Automation
Cash consideration paid	($ 190)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	184
Difference in equity transactions	($ 6)
Adjustment account for difference in equity transactions	
Unappropriated earnings	($ 6)

On January 26, 2019, the Company did not acquired shares of We Solutions in proportion to the shareholding ratio resulting in a increase on the shareholding ratio from 79.16% to 81.06%.

On March 5, 2019, the Company acquired shares of We Solutions resulting in a increase on the shareholding ratio from 81.06% to 81.78%.

On April 10, 2019, the Company acquired shares of We Solutions resulting in a increase on the shareholding ratio from 81.78% to 87.69%.

On June 10, 2019, the Company acquired shares of We Solutions resulting in a increase on the shareholding ratio from 87.69% to 100%.

As the above-mentioned transaction for the year ended December 31, 2019 did not change the control over the subsidiary, the Company treated the transaction as a equity transaction.

	(June 10, 2019) We Solutions	(April 10, 2019) We Solutions	(March 5, 2019) We Solutions	(January 26, 2019) We Solutions	Total
Cash consideration paid	($ 17,230)	($ 8,280)	($ 1,000)	($ 18,500)	($ 45,010)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	4,063	2,145	293	16,660	23,161
Difference in equity transactions	($ 13,167)	($ 6,135)	($ 707)	($ 1,840)	($ 21,849)
Adjustment account for difference in equity transactions					
Unappropriated earnings	($ 13,167)	($ 1,118)	$ -	$ -	($ 14,285)
Capital surplus - recognized change rights to equity of ownership of subsidiaries	$ -	($ 5,017)	($ 707)	($ 1,840)	($ 7,564)

31. Information on cash flows

Non-cash Transactions

For the years ended December 31, 2020 and 2019, the Company conducted the following financing activities in non-cash transactions.

The cash dividend for the first half of the year of Gudeng Company approved by the Board of Directors has not been distributed as of December 31, 2020 and 2019 (refer to Notes 21 and 24).

32. Capital Risk Management

The Company is currently in stable operations, and it conducts management of risks in capital to ensure that it would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The Company adopts a prudent risk management strategy which is reviewed on a regular basis and makes overall planning in accordance with its business development strategies and operational requirements to determine the appropriate capital structure of the Company.

33. Financial Instruments

a. Fair value information - financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value, except for the following table, are considered to be close to the fair value by the management of the Company.

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

1) Fair Value Hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	$ -	$ -	$ 48	$ 48

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	$ -	$ -	$ 1,590	$ 1,590

There was no transfer between Level 1 and Level 2 fair value measurements for the years ended December 31, 2020 and 2019.

2) Reconciliation of financial instruments at Level 3 fair value measurement

For the year ended December 31, 2020

Financial assets	Measured at fair value through profit or loss Derivatives
Balance at the beginning of the year	$ 1,590
Recognized in profit or loss (Other gain and loss)	(986)
Conversion	(556)
Balance at the end of the year	$ 48
Unrealized Gain or Loss for the year	($ 986)

For the year ended December 31, 2019

Financial assets	Measured at fair value through profit or loss		
	Derivatives	Investments in equity instruments	Total
Balance at the beginning of the year	$ -	$ 74,445	$ 74,445
Addition	570	-	570
Recognized in profit or loss (Other gain and loss)	1,020	(23,962)	(22,942)
Disposal	-	(50,483)	(50,483)
Balance at the end of the year	$ 1,590	$ -	$ 1,590
Unrealized Gain or Loss for the year	$ 1,020	$ -	$ 1,020

3) Valuation techniques and inputs applied to Level 3 fair value measurement

a) The fair value of no publicly quoted shares is determined by using the market-based method of valuation – price-to-earnings ratio and share-price-to-net ratio to reasonably assess the fair value.

b) Derivatives – the fair value of redemption of options of convertible corporate bonds were estimated by the binary tree model for convertible corporate bonds valuation, and the significant unobservable inputs used are stock price volatility. When share price volatility increases, the fair value of these derivatives will increase.

c. Classification of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 48	$ 1,590
Financial assets at amortized cost (Note 1)	1,648,785	580,978
Financial liabilities		
Measured at amortized cost (Note 2)	2,595,863	2,215,402

Note 1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable and trade receivable, other receivable, financial assets at amortized cost, and refundable deposits.

Note 2: The balance refers to the financial liabilities measured at amortized cost, including short-term borrowings, note payables, trade payables, other payables, guarantee deposits, current portion of long-term borrowings, corporate bonds payables, and long-term borrowings.

d. Objectives and policy of financial risk management

The Company's main financial instruments include equity instrument investment, trade receivables, trade payables, corporate bonds payables, and borrowings. Financial risks relates to operations of the above mentioned financial instruments. Including market risk (including foreign exchange rates, interest rates and other price risks), credit risk and liquidity risk.

1) Market Risks

The Company’s activities expose it primarily to the financial risks of changes in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

There is no change in the Company's exposure to market risks of financial instruments and how such exposure is managed and measured.

a) Exchange Rate Risks

The Company's sales and purchase transactions are denominated in foreign currency; as a consequence, the Company is exposed to the risk of fluctuation in the exchange rate.

Please refer to Note 39 for the carrying amount of monetary assets and monetary liabilities of the Company denominated in non-functional currencies on the balance sheet date.

Sensitivity analysis

The Company is mostly affected by the fluctuation of the USD and JPY exchange rate.

On December 31, 2020 and 2019, the sensitivity analysis of the Company when the exchange rate of the NTD (the functional currency) increases and decreases by 1% for each relevant foreign currency. A sensitivity rate of 1% is used internally when reporting to management from the Company on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates.

	Effect of USD currency		Effect of JPY currency	
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2020	For the year ended December 31, 2019
Profit or loss	$ 232	$ 438	($ 2)	$ 138

i. It is mainly derived from USD-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the Company without cash flow hedging.

ii. It is mainly derived from JPY-denominated receivables and payables that are still outstanding on the balance sheet date of the Company without cash flow hedging.

b) Interest Rate Risks

The entities of the Company has been exposed to interest rate risk through its fixed and floating-rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities subject to interest rate exposure on the balance sheet date are as follows:

	December 31, 2020	December 31, 2019
With interest rate risk of fair value		
– Financial assets	$ -	$ -
– Financial liabilities	6,967	285,243
Interest rate risk with cash flows		
– Financial assets	1,263,242	394,941
– Financial liabilities	2,082,959	1,433,482

<u>Sensitivity analysis</u>

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the balance sheet date is circulated during the reporting period. The rate of change used internally in reporting interest rates to the management from the Company is the 0.25% basis points increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If the interest rate increased/ decreased by 0.25% basis points and all other variables were held constant, the Company's net income before tax for the years ended December 31, 2020 and 2019 would have increased/ decreased by $5,207 thousand and $3,584 thousand.

c) Other Price Risks

The Company has equity price exposure arising from the investments in publicly traded equity securities. In response to the price risk of investments in equity instruments, the finance department of the Company regularly assesses the level of influence of market price risk as a reference for decision-making, so as to minimize the risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the balance sheet date.

If the monetary fund price increased/ decreased by 10%, income before tax for the years ended December 31, 2020 and 2019 would have increased/ decreased by $0 thousand and $0 thousand, respectively, due to a increase/ decrease in the fair value of financial assets at fair value through profit or loss.

2) Credit Risks

Credit risk refers to the risk of financial loss of the Company caused by the counterparty's default of contractual obligations. As of the balance sheet date, the Company's maximum credit risk exposure that may cause financial losses due to the failure of the counterparty to fulfill the obligation and the financial guarantee provided by the Company is mainly from:

a) The carrying amount of financial assets recognized in the parent company only Balance Sheets.

b) The amount of contingent liabilities generated from providing a financial guarantee by the Company.

The policies adopted by the Company are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. To mitigate the credit risk, the management of the Company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the Company’s credit risk is significantly reduced. Therefore, the credit risk is limited.

The Company's credit risks are majorly concentrated on the biggest client, and the ratio of trade receivables from the above mentioned client as of December 31, 2020 and 2019 were 75% and 54%, respectively.

3) Liquidity Risks

The Company manages and maintains sufficient positions in cash and cash equivalents to support the Company's operations and to mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of the bank's financing line and ensures compliance with the terms of the loans contract.

The bank loans are an important source of liquidity for the Company. Please refer to the following (2) description of financing lines for the unused financing lines of the Company as of the end of the years ended December 31, 2020 and 2019.

a) Liquidity of non-derivative financial liabilities

The remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the Company can be required to pay. Therefore, the Company's bank borrowings with repayment on demand clause are included in the earliest duration in below table regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

December 31, 2020

	Less than 1 year	1~2 year(s)	2~3 years	3 years and above	Total
Non-derivative financial liabilities					
Trade payables	$127,222	$ -	$ -	$ -	$127,222
Other payables	368,637	-	-	-	368,637
Lease liabilities	7,016	11,489	395	-	18,900
Other current liabilities	1,555	-	-	-	1,555
Borrowings	317,541	143,159	119,542	1,502,717	2,082,959
Convertible corporate bonds	-	7,200	-	-	7,200
	$821,971	$161,848	$119,937	$ 1,502,717	$ 2,606,473

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

	Less than 1 year	1~2 year(s)	2~3 years	3～5 years	5 years and above
Lease liabilities	$ 7,016	$ 11,489	$ 395	$ -	$ -

December 31, 2019

	Less than 1 year	1~2 year(s)	2~3 years	3 years and above	Total
Non-derivative financial liabilities					
Notes payable	$ 5,423	$ -	$ -	$ -	$ 5,423
Trade payables	139,859	-	-	-	139,859
Other payables	335,509	-	-	-	335,509
Lease liabilities	9,037	7,796	7,073	58,263	82,169
Other current liabilities	2,123	-	-	-	2,123
Borrowings	164,918	62,525	81,159	1,124,880	1,433,482
Convertible corporate bonds	-	-	300,000	-	300,000
	$656,869	$70,321	$388,232	$ 1,183,143	$ 2,298,565

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

	Less than 1 year	1~2 year(s)	2~3 years	3～5 years	5 years and above
Lease liabilities	$ 9,037	$ 7,796	$ 7,073	$ 9,507	$48,756

b) Financing line

	December 31, 2020	December 31, 2019
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)		
- Amount used	$ 200,000	$ 118,646
- Amount unused	1,200,000	-
	$ 1,400,000	$ 118,646
Credit line of secured bank loans (to be extended with agreement between two parties)		
- Amount used	$ 2,002,400	$ 1,312,610
- Amount unused	95,000	-
	$ 2,097,400	$ 1,312,610

34. Related Party Transactions

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

a. Name and relationship of Related party

Name of related party	Relationship with the Company
Ming-Chian Chiou	The key management
Jin Peng Investment Co., Ltd. (hereinafter "Jin Peng")	Substantial related party
Sheng Jie Investment Co., Ltd. (hereinafter "Sheng Jie")	Substantial related party
Yun Sheng Investment Co., Ltd. (hereinafter "Yun Sheng")	Substantial related party
JIN HUI Technology Co., Ltd. (hereinafter "JIN HUI")	Associates

Name of related party	Relationship with the Company
Gudeng Venture Capital Co., Ltd. (hereinafter "Gudeng Venture")	The Company's subsidiary
We Solutions Technology Co., Ltd. (hereinafter "We Solutions")	The Company's subsidiary
Gudeng Automation Corporation (hereinafter "Gudeng Automation")	The Company's subsidiary
Shanghai Gudeng Trading Co., Ltd. (hereinafter "Shanghai Gudeng")	The Company's subsidiary
Sun Park Development Limited (hereinafter "SP")	The Company's subsidiary
Rich Point Global Corp. (hereinafter "RP")	The Company's subsidiary
Taiwan Daxiang Corporation (hereinafter "Taiwan Daxiang")	The Company's subsidiary
Suzhou Kun Ju Trading Co., Ltd. (hereinafter "Suzhou Kun Ju")	The Company's subsidiary

b. Operating revenue

Item	Name of related party	For the year ended December 31, 2020	For the year ended December 31, 2019
Sales revenue	Shanghai Gudeng	$ 24,675	$ 6,427
	Gudeng Automation	4,035	3,439
	We Solutions	797	-
		$ 29,507	$ 9,866

The purchase price of the Company for related parties are equivalent to those for general clients.

c. Purchase

Name of related party	For the year ended December 31, 2020	For the year ended December 31, 2019
Gudeng Automation	$ -	$ 9,307
We Solutions	52,762	53,976
	$ 52,762	$ 63,283

Purchases are based on market prices less discounts to reflect the volume of purchases and the relationship with the related party.

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

Item	Name of related party	December 31, 2020	December 31, 2019
Trade receivable - non-related parties	Shanghai Gudeng	$ 16,486	$ 5,466
	Gudeng Automation	1,065	885
	We Solutions	836	-
		$ 18,387	$ 6,351

Item	Name of related party	December 31, 2020	December 31, 2019
Other receivable - related parties	Yun Sheng	$ -	$ 70
	SP	77	77
	RP	304	304
	We Solutions	10	10
	Gudeng Automation	1,500	-
		$ 1,891	$ 461

The outstanding balances of receivables from related parties is not collateralized. No bad debts expense was set aside for receivables from related parties for the years ended December 31, 2020 and 2019.

e. Payable to related party (excluding loans to related parties

Item	Name of related party	December 31, 2020	December 31, 2019
Trade payable - related parties	Gudeng Automation	$ -	$ 4,075
	We Solutions	14,598	10,038
	JIN HUI	2,959	-
		$ 17,557	$ 14,113
Other payable - related parties	Shanghai Gudeng	$ 11,583	$ 7,271

The outstanding balance of payables to related parties is not collateralized.

f. Prepayments

Name of related party	December 31, 2020	December 31, 2019
JIN HUI	$ 5,133	$ -

g. Acquisition of property, plant and equipment

	Acquisition price	
Name of related party	For the year ended December 31, 2020	For the year ended December 31, 2019
Gudeng Automation	$ 15,000	$ 3,800

h. Disposal of property, plant and equipment

	Disposal price		Gain (Loss) on Disposal	
Name of related party	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2020	For the year ended December 31, 2019
We Solutions	$ 71	$ -	$ 71	$ -

i. Lease agreements as a lessee

Item	Name of related party	December 31, 2020	December 31, 2019
Refundable deposits	Yun Sheng	$ -	$ 700
	Jin Peng	433	-
		$ 433	$ 700
Other prepayments	Sheng Jie	$ -	$ 467
Notes payable	Sheng Jie	$ -	$ 447

Lease expenses

Lessor	Underlying subject	Rental and Payment Method of Rent	Lease expenses For the year ended December 31, 2020	Lease expenses For the year ended December 31, 2019
Sheng Jie	Employee dorm	Rent amounted to $82 thousand per month with monthly payment.	$ 459	$ 851
Sheng Jie	Employee dorm	Rent amounted to $105 thousand per month with monthly payment.	$ 652	$ -
Yun Sheng	Employee dorm	Rent amounted to $206 thousand per month with monthly payment.	$ 1,212	$ 2,400
Yun Sheng	Warehouses	Rent amounted to $133 thousand per month with monthly payment.	$ 133	$ 267
Jin Peng	Employee dorm	Rent amounted to $206 thousand per month with monthly payment.	$ 1,237	$ -

j. Lease agreements as a lessor

1) Other received in advance are summarized as follows:

Name of related party	December 31, 2020	December 31, 2019
Sheng Jie	$ -	$ 8
Yun Sheng	-	8
	$ -	$ 16

2) The total amount of lease payments received in the future is summarized as follows:

Name of related party	December 31, 2020	December 31, 2019
Gudeng Venture	$ 480	$ 480
Gudeng Automation	8,024	3,858
Taiwan Daxiang	12	12
Sheng Jie	8	20
Yun Sheng	8	20
Jin Peng	8	-
	$ 8,540	$ 4,390

3) Rental income is summarized as follows:

Name of related party	Underlying subject	Rental and Payment Method of Rent	For the year ended December 31, 2020	For the year ended December 31, 2019
Gudeng Venture	Office	Rent amounted to $40 thousand per month with monthly payment.	$ 480	$ 480
Gudeng Automation	Pant and clean room	Rent amounted to $333 thousand per month with monthly payment.	2,370	1,778
Gudeng Automation	Office	Rent amounted to $1 thousand per month with monthly payment.	11	-
Gudeng Automation	Southern Taiwan Science Park	Rent amounted to $160 thousand per month with monthly payment.	824	-
Taiwan Daxiang	Office	Rent amounted to $1 thousand per month with monthly payment.	12	12
Sheng Jie	Office	Rent amounted to $1 thousand per month with monthly payment.	12	12
Yun Sheng	Office	Rent amounted to $1 thousand per month with monthly payment.	12	12
Jin Peng	Office	Rent amounted to $1 thousand per month with monthly payment.	12	-
			$ 3,733	$ 2,294

4) Guarantee deposits is summarized as follows:

Name of related party	December 31, 2020	December 31, 2019
Gudeng Automation	$ 669	$ 302
Taiwan Daxiang	2	2
Sheng Jie	2	2
Yun Sheng	2	2
Jin Peng	2	-
	$ 677	$ 308

5) Imputed interest on deposits is summarized as follows:

Name of related party	For the year ended December 31, 2020	For the year ended December 31, 2019
Gudeng Automation	$ 63	$ 5

k. Loans to related parties (including interest receivable)

Name of related party	December 31, 2020	December 31, 2019
We Solutions	$ -	$ 20,041

Interest income

Name of related party	For the year ended December 31, 2020	For the year ended December 31, 2019
We Solutions	$ 303	$ 587
Gudeng Venture	-	32
	$ 303	$ 619

The Company provided short-term loans to the subsidiary of We Solutions and the subsidiary of Gudeng Venture at interest rates of 3% which is similar to the market rate.

l. Borrowings from related parties (including interest payable)

Name of related party	December 31, 2020	December 31, 2019
Ming-Chian Chiou	$ -	$ 153,162
Gudeng Venture	-	10,017
	$ -	$ 163,179

Interest expenses

Name of related party	For the year ended December 31, 2020	For the year ended December 31, 2019
Ming-Chian Chiou	$ 1,155	$ 3,162
Gudeng Venture	39	93
	$ 1,194	$ 3,255

The interest rate on the Company's borrowings from related parties is 3%.

m. Other Related Party Transactions

1) Service fees

Item	Classification/Name of Related Party	For the year ended December 31, 2020	For the year ended December 31, 2019
Operating Expenses	Shanghai Gudeng	$ 19,742	$ 17,622

2) Other income

Item	Classification/Name of Related Party	For the year ended December 31, 2020	For the year ended December 31, 2019
Other income	Gudeng Automation	$ 1,541	$ 199
	We Solutions	30	10
		$ 1,571	$ 209

3) Other expenditures

Item	Name of related party	For the year ended December 31, 2020	For the year ended December 31, 2019
Manufacturing overheads	Gudeng Automation	$ 899	$ -
Research expenses	Gudeng Automation	$ 283	$ -
Other expenditures	Gudeng Automation	$ 4,200	$ -

n. Other

1) To buy back non-controlling equity from the previous chairman, Da-Yu Chen, of the subsidiary, We Solutions Technology Co. Ltd., with shares of 803 thousand and the acquisition price of $8,030 thousand.

2) Loss on disposal of transportation equipment to Yun Sheng, a substantial related party, amounted to $14 thousand.

o. Remuneration of key management

	For the year ended December 31, 2020	For the year ended December 31, 2019
Short-term employee benefits	$ 25,238	$ 24,184

The remuneration of directors and other members of key management, was determined by the remuneration committee based on the individual performance and market trends.

35. Pledged Assets

The following assets were pledged as collateral for financing loans, convertible corporate bonds, and those to avoid the false execution:

	December 31, 2020	December 31, 2019
Pledged deposits (recognized as financial assets measured at amortized cost - current)	$ -	$ 6,215
Pledged time deposits (recognized as financial assets measured at amortized cost - current)	2,000	-
Pledged deposits (recognized as financial assets measured at amortized cost - non-current)	2,542	30,000
Self-owned Land	402,772	218,478
Buildings, net	415,047	301,830
Investment properties	713,559	920,313
Counter-guarantee deposit	-	978,870
	$ 1,535,920	$ 2,455,706

36. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those disclosed in other notes, significant commitments and contingencies of the Company on the balance sheet date are as follows:

a. Significant Commitments

1) As of December 31, 2020, guarantee notes issued by the Company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT$176,400 thousand.

2) As of December 31, 2020, guarantee notes issued by the Company for issuance of corporate bonds amounted to NT$300,000 thousand.

3) As of December 31, 2020, the guarantee notes issued by the Company for application of research grants amounted to NT$8,500 thousand.

4) the Company has contracted with each venders for commitments to purchase of equipment and land with an aggregate contract price of NT$310,075 thousand, of which $132,900 thousand (recorded as prepayments for equipment) has been paid as of December 31, 2020 and the remaining balance of NT$177,175 thousand has not been paid.

b. Contingency

Entegris Inc. in the US filed a civil action with the Civil Division of the Intellectual Property Court on May 5, 2015, claiming that Gudeng company's manufactures and sales of the “Reticle SMIF Pod Mask Shipping Box” infringing the patent of the Republic of China. No. I317967 invention patent, its claim amount was NT$10 million and subsequently extended its claim amount to NT$1 billion on May 4, 2017. The first instance of the Intellectual Property Court ruled on March 22, 2019 that the Company and Ming-Chian Chiou should jointly compensate NT$978,870 thousand and the interest calculated at 5% per annum from May 6, 2017 to the settlement date. The Company received a written judgement on April 2, 2019 and has declared an appeal on April 17, 2019. This case has not yet been certain. Judgement in the first instance allows the Company and Ming-Chian Chiou to provide guarantees to avoid false execution, the Company has set aside a counter-guarantee deposit of $978,870 thousand (recorded under other non-current assets) as security to avoid the false execution, and the Company has completed the guarantee operation on April 18, 2019. According to the lawyer appointed by the Company, before the third instance of the judgment is confirmed, Entegris Inc. shall neither enforce the Company’s property nor have the right to request the Company to immediately stop manufacturing and selling the products. At present, it should not cause significant impact on the Company's operation immediately. The Company filed an appeal on April 17, 2019.

In addition to declare the appeal of the above mentioned first instance of the civil judgment, the company also filed a issue report on the invention patents of Entegris Inc. in the US to the Intellectual Property Bureau of the Ministry of Economic Affairs. On April 29, 2020, it was approved by the Intellectual Property Bureau of the Ministry of Economic Affairs with (109) Zhi-Zhuan-III (2) 04024 Zi No. 10920384050 Patent Issue Examination Document on April 27, 2020, and it was determined that the above mentioned invention patent (I317967) violated the no progressive of the Article 22, Item 4 of the Patent Law so the above mentioned invention patent was revoked. The review was not yet final and Entegris Inc. has appealed to the Ministry of Economic Affairs.

In connection with the alleged infringement of the Republic of China No.I317967 invention patent claimed by Entegris Inc. in the US, the Company was asked to be charged with damages and liabilities, which is currently on trail by the Intellectual

Property Court. However, in order to resolve the dispute, the parties signed a confidential “Power of Attorney” on November 18, 2020 and applied to the Court for the “Litigation Settlement”. On December 7, 2020, the Intellectual Property Court made a record of settlement to settle the litigation case and returned the counter-guarantee deposit of $978,870 thousand.

On June 28, 2019, Entegris Inc. in the US filed a petition against the Company and its legal representative, Ming-Chian Chiou, for exclusion of damages against patent infringement (Intellectual Property Court: Zhi-Yuan-Cheng-Shen V 108 Min-Bu 131 Zi No. 1080002430) to request the Company and its legal representative, Ming-Chian Chiou, to compensate NT$10 million for damages.

The above case claimed by Entegris Inc. in the US regarding alleged infringement of its invention patent No.I391304 of the Republic of China and claimed that the Company was liable for damages and compensation, which is currently on trail by the Intellectual Property Court. However, in order to resolve the dispute, the parties signed a confidential “Power of Attorney Agreement” on November 18, 2020 and applied to the Court for the “Litigation Settlement.” On December 24, 2020, the Intellectual Property Court made a record of settlement to settle the litigation case.

37. Other Matters

The impact of the COVID-19 pandemic on the Company is assessed as follows:

<u>Assumption to continue as a going concern:</u>

The consolidated company’s primary business is the manufacturing and trading of semiconductor mask and wafer carrier, due to the substantial demand from the conversion of semiconductor EUV production process from semiconductor manufacturers, the product revenue remains robust and profitability of the products is steady. Therefore, COVID-19 pandemic has no significant impact on the assumption of the consolidated company’s ability to continue as a going concern.

38. Significant Events after the Balance Sheet Date

From January 1 to March 12, 2021, the holders of the Company’s unsecured convertible corporate bonds requested to convert a total of 66 corporate bonds with an application amount of $6,600 thousand at a conversion price of $122.8 to 121.3 to convert 54 thousand of ordinary shares. As of March 12, 2021, the remaining number of the convertible corporate bonds of the Company was 6 with an aggregate amount of $600 thousand.

39. Information on Foreign Currency Assets and Liabilities with Significant Effect

The information on Foreign Currency Assets and Liabilities with Significant Effect of the Company is as follows:

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 5,165	28.48 (USD:NTD)	$ 147,099
JPY	6,392	0.2763 (JPY:NTD)	1,766
			$ 148,865
Non-monetary items			
Subsidiaries accounted for using the equity method			
RMB	62,750	4.377 (RMB:NTD)	$ 274,657
Foreign currency liabilities			
Monetary items			
USD	4,350	28.48 (USD:NTD)	$ 123,888
JPY	7,050	0.2763 (JPY:NTD)	1,948
RMB	2,646	4.377 (RMB:NTD)	11,582
			$ 137,418

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 3,118	29.98 (USD:NTD)	$ 93,494
JPY	50,833	0.28 (JPY:NTD)	14,030
			$ 107,524
Non-monetary items			
Subsidiaries accounted for using the equity method			
RMB	61,614	4.305 (RMB:NTD)	$ 289,824
Foreign currency liabilities			
Monetary items			
USD	1,656	29.98 (USD:NTD)	$ 49,653
JPY	942	0.28 (JPY:NTD)	260
RMB	1,676	4.305 (RMB:NTD)	7,216
			$ 57,129

The (unrealized) gain or loss on foreign currency exchange with significant impact are as follows:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
Foreign Currency	Exchange Rate	Net gain (loss) on exchange	Exchange Rate	Net gain (loss) on exchange
USD	28.48 (USD:NTD)	($ 274)	29.98 (USD:NTD)	$ 263
JPY	0.2763 (JPY:NTD)	6	0.28 (JPY:NTD)	(2)
RMB	4.377 (RMB:NTD)	(241)		-
		($ 509)		$ 261

40. Supplementary Disclosures

Information on a. significant transactions and b. reinvestment:

No.	Item	Description
1	Loans to others	Table I
2	Endorsements/guarantees to others	None
3	MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD (excluding investment in subsidiaries, associates, and joint ventures)	Table II
4	The cumulative purchase or sale of the same securities amounted to NT$300 million or 20% and above of the paid-in capital.	None
5	The amount of property acquired reached NT$300 million or 20% and above of the paid-in capital.	Table III
6	The amount of property disposal reached NT$300 million or 20% and above of the paid-in capital.	None
7	The amount of purchases or sales with related parties reached NT$100 million or 20% and above of the paid-in capital.	None
8	Receivables from related parties amounted to NT$100 million or 20% and above of paid-in capital.	None
9	Engaged in derivative products transactions	Note 7
10	Investee information.	Table IV

c. Investment information in mainland China:

No.	Item	Description
1	Name of the investee in mainland China, primary business, paid-in capital, investment method, outward and inward remittance of the fund, shareholding ratio, investment gain (loss) recognized for the period, carrying amount of the investment at the end of the period, repatriation of investment profit or loss and investment limit in mainland China.	Table V
2	The following significant transactions with the mainland investee, directly or indirectly through the third region, and their prices, payment terms, unrealized gain or loss:	
	(1) Purchase amount and percentage, ending balance and percentage of payables.	None
	(2) Sales amount and percentage, ending balance and percentage of receivables.	Table VI
	(3) The amount of property transactions and the amount of profit or loss generated.	None
	(4) The ending balance and the purpose of bill endorsement, or provision of collateral.	None
	(5) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing.	Table I
	(6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services.	Table VI

d. Information of major shareholder: List of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder. (Table VII)

TABLE 1

Gudeng Precision Industrial Co., Ltd.

Financing provided to others
From January 1 to December 31, 2020
Amounts in Thousands of New Taiwan Dollars and Foreign Currencies, Unless Specified Otherwise

No. (Note 1)	Financing Company	Counterparty	Transaction Item	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Business Interaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Total Financing Limits (Note 3)	Remark
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solutions Technology Co., Ltd.	Other receivable - related parties	Y	$ 30,000	$ 30,000	$ -	3%	2	$ -	Operating capital	$ -	Promissory note	$ 30,000	$ 1,095,734	$ 1,095,734	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Venture Capital Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,095,734	1,095,734	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kun Ju Trading Co., Ltd.	Trade receivables from related parties	Y	30,639 (RMB7,000)	30,639 (RMB7,000)	- (RMB-)	3%	2	-	Operating capital	-	Promissory note	30,639 (RMB7,000)	1,095,734	1,095,734	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd.	Trade receivables from related parties	Y	30,639 (RMB7,000)	30,639 (RMB7,000)	- (RMB-)	3%	2	-	Operating capital	-	Promissory note	30,639 (RMB7,000)	1,095,734	1,095,734	
2	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd.	Suzhou Kun Ju Trading Co., Ltd.	Trade receivables from related parties	Y	30,639 (RMB7,000)	30,639 (RMB7,000)	- (RMB-)	3%	2	-	Operating capital	-	Promissory note	30,639 (RMB7,000)	1,095,734	1,095,734	
2	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Trade receivables from related parties	Y	30,639 (RMB7,000)	30,639 (RMB7,000)	- (RMB-)	3%	2	-	Operating capital	-	Promissory note	30,639 (RMB7,000)	1,095,734	1,095,734	
3	Suzhou Kun Ju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Trade receivables from related parties	Y	30,639 (RMB7,000)	30,639 (RMB7,000)	- (RMB-)	3%	2	-	Operating capital	-	Promissory note	30,639 (RMB7,000)	1,095,734	1,095,734	
3	Suzhou Kun Ju Trading Co., Ltd.	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd.	Trade receivables from related parties	Y	30,639 (RMB7,000)	30,639 (RMB7,000)	21,885 (RMB5,000)	3%	2	-	Operating capital	-	Promissory note	30,639 (RMB7,000)	1,095,734	1,095,734	
4	Gudeng Venture Capital Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,095,734	1,095,734	

Note 1: The No. column is filled as follows:
(1) Fill in 0 for issuer.
(2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The nature of the financing are explained as follows:
(1) Fill in 1 for any business interaction.
(2) Fill in 2 for any needs in short-term financing.

Note 3: The methods of calculation and amounts for financing limits.
1. Financing limits for each borrowing company:
(1) The Company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2020.12.31) in compliance with the Company's regulations of procedures for financing.
(2) The investee company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2020.12.31) in compliance with the Company's regulations of procedures for financing.
2. Total financing limits
(1) The Company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2020.12.31) in compliance with the Company's regulations of procedures for financing.
(2) The investee company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2020.12.31) in compliance with the Company's regulations of procedures for financing.
3. The Company's financing limits are calculated based on the net worth of the Company's financial statements audited by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the certified public accountants.

Note 4: Financing between the Company and foreign companies whose 100% voting rights held directly or indirectly by the Company is not restricted to the financing limits stated in Note 3.

Gudeng Precision Industrial Co., Ltd.

MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD
DECEMBER 31, 2020
Unit: In Thousands of New Taiwan Dollars, Except Shares

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the issuer of securities	Financial Statement Account	End of the Period				Remark
				Number of Shares	Carrying amount	Ratio of Shareholding	Fair Value	
Gudeng Precision Industrial Co., Ltd.	Redemption rights of convertible corporate bonds	None	Financial assets at fair value through profit or loss - current	-	$ 48	-	$ 48	
Gudeng Venture Capital Co., Ltd.	Non-publicly traded company							
	Yinsmart Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - current	25,000	$ -	5.00	$ -	
	NanoClean Materials Co., LTD.	None	Purchase of financial assets at fair value through other comprehensive income - non-current	500,000	$ 3,565	10.00	$ 3,565	
	MontJade Engineering Co., Ltd.	None	〃	1,340,000	17,085	6.09	17,085	
	Jiurun Precision Technology Co., Ltd.	None	〃	160,000	4,278	16.00	4,278	
	Origin Precision Technology Co., Ltd.	None	〃	500,000	3,378	16.67	3,378	
	Certain Micro Application Technology Inc.	None	〃	1,100,000	19,008	9.91	19,008	
					$ 47,314		$ 47,314	
Shanghai Gudeng Trading Co., Ltd.	Guaranteed financial products of Fubon Bank (China)	None	Financial assets at fair value through profit or loss - current	-	$ 10,943	-	$ 10,943	

Note 1: The marketable securities stated in this table is defined as shares, bonds, and beneficiary certificates in the scope of IFRS 9 "Financial Instruments," and the marketable securities derived from the above mentioned items.

Note 2: The marketable securities held by the Company have no situations by loans with collateral provided or other conditions restricted by agreements unless disclosed in the notes.

TABLE 3

Gudeng Precision Industrial Co., Ltd.

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
From January 1 to December 31, 2020
Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name of Acquiring Company	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Prior Transaction for the Counterparty of Related Party				Reference for price determination	Purpose of acquisition and situation of usage	Other agreements
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Gudeng Precision Industrial Co., Ltd.	Self-owned Land and Buildings	2020.05.04	$ 153,763	Paid in full	Textile Tech Enterprise Co., Ltd.	Non-related party	-	-	-	-	Referred to market prices and property valuation reports from real estate appraisers, and the appraised value amounted to $153,882 thousand.	Self-usage in operation	None
	Self-owned Land	2020.08.07	487,363	Paid in full	Yi-Chiu Chemical & Technical Co., Ltd.	Non-related party	-	-	-	-	Referred to market prices and property valuation reports from real estate appraisers, and the appraised value amounted to $487,556 thousand.	Self-usage in operation	None

Note 1: The results in appraisal shall be remarked in the column of "Reference for Price Determination" for the assets disposed which shall be appraised according to the regulations.

Note 2: The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT$10 per share, the regulation regarding the 20% of the paid-in capital is calculated by the 10% equity attributable to owners of the parent company on the balance sheet.

Note 3: The transaction date is transaction signing date, payment date, consigned confirmation date, transfer date, the Board of Directors' resolution date, or other date with sufficient information to confirm the counterparty and the amount of the transaction, whichever date is earlier.

Gudeng Precision Industrial Co., Ltd.

NAMES, LOCATIONS AND RELEVANT INFORMATION OF INVESTEE COMPANIES
From January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars and Foreign Currencies, Except Shares

Name of investor company	Name of Investee Company	Location	Primary Business	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Remark
				End of the Current Period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying amount			
Gudeng Precision Industrial Co., Ltd.	Rich Point Global Corp.	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	$ 289,824	$ 289,824	-	100	$ 277,693	($ 9,240)	($ 9,240)	Note
	Gudeng Venture Capital Co., Ltd.	8F-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Venture capital and management consulting business	152,000	92,000	15,200,000	100	101,394	3,652	3,652	Note
	We Solutions Technology Co., Ltd.	No. 207, Fuxing 2nd Rd., Zhubei City, Hsinchu County	Trading , repair, and maintenance of various precision instruments	198,825	138,825	20,000,000	100	110,472	3,395	3,395	Note
	Gudeng Automation Corporation	8F-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Manufacture, trading , repair, and maintenance of various precision instruments	35,190	35,000	2,808,000	50.87	73,612	63,663	33,461	Note
Rich Point Global Corp.	Sun Park Development Limited	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	Engaged in reinvestment of various business	RMB 14,020	RMB 14,020	-	100	RMB 15,740	RMB 1,646	RMB 1,646	Note
	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	RMB 50,549	RMB 50,549	-	100	RMB 47,010	(RMB 3,810)	(RMB 3,810)	Note
Gudeng Venture Capital Co., Ltd.	Taiwan Daxiang Corporation	5F, No. 7, Min'an St., Tucheng Dist., New Taipei City	Ceramics and ceramic products, glass and glass products, stone products and electronic components	100	100	10,000	100	53	(12)	(12)	Note
	JIN HUI Technology Co., Ltd.	No. 43, Jingjian 4th Rd., Guanyin Dist., Taoyuan City	Surface treatment and thermal treatment, wholesale of chemical materials, manufacture of other chemical materials and other metals, wholesale of pollution prevention equipment, wholesale of recycled materials	35,000	-	3,500,000	35	40,413	14,554	5,413	Note
Gudeng Automation Corporation	Showa Precision Co., Ltd.	8F-6, No. 100, Sec. 1, Jiafeng 11th Rd., Zhubei City, Hsinchu County	Design and transformation of semiconductor and panel PVD vacuum technology related platform	70,000	-	800,000	100	70,000	(2,046)	-	Note

Note 1: Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts audited by the certified public accountants.

TABLE 5

Gudeng Precision Industrial Co., Ltd.

NAMES, LOCATIONS AND RELEVANT INFORMATION OF INVESTEE COMPANIES
From January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars and Foreign Currencies, Except Shares

Investee Company In Mainland China	Primary Business	Paid-in Capital	Method of Investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net Income (Loss) of the Investee	Ratio of Shareholding (%) of the direct or indirect investment of the Company	Investment profit (loss) recognized for the period (Note 2)	Carrying amount of the investment at the end of the period	Investment income repatriated by the year end of the period	Remark
					Remitted	Repatriated							
Shanghai Gudeng Trading Co., Ltd.	Wholesale, import and export, commission agency and related ancillary services of plastic products, power products and hardware & electric materials	USD1,000	(2) Investor company：Sun Park Development Limited	$28,480 (USD1,000)	$ -	$ -	$28,480 (USD1,000)	$7,005 (RMB1,636)	100	$7,005 (RMB1,636) (2)B	$32,666 (RMB7,463)	$-	
Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd.	Motor vehicles trading	RMB15,750	(2) Investor company：Gudeng Investment Co., Ltd.	222,225 (RMB45,000)(USD888)	-	-	222,255 (RMB45,000)(USD888)	(12,533) (RMB-2,927)	100	(16,314) (RMB-3,810) (2)B	195,691 (RMB44,709)	13,131 (RMB3,000)	
Suzhou Kun Ju Trading Co., Ltd.	Sales of automobiles, after-sales services and technical consulting services related to automobile repair	RMB7,645	(2) Investor company：Sun Park Development Limited	34,404 (USD1,208)	-	-	34,404 (USD1,208)	43 RMB10	100	43 (RMB10) (2)B	36,298 (RMB8,293)	-	

Accumulated amount of investment remitted out of Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs
NTD285,139 (USD3,096) (RMB45,000)	NTD400,751 (USD5,388) (RMB56,500)	NTD1,643,601 (USD57,711)

Note 1: The methods of investment are classified as below five types:
(1) Direct investment in Mainland China.
(2) Reinvestment in Mainland China through companies registered in a third region. (please specify the investment company in a third region).
(3) Other method.

Note 2: In the column of investment profit (loss) recognized for the period:
(1) If the company is in preparation status without investment profit (loss), it shall be remarked.
(2) Recognized basis of investment profit (loss) includes below three types and shall be remarked.
A. The financial statements audited and certified by international accounting firms in cooperation with accounting firms of Republic of China.
B. The financial statements had been audited and certified by the parent company's certified public accountant in Taiwan.
C. Other - Based on the financial statements unaudited by the certified public accountants.

Note 3: Amounts related to this table are listed in New Taiwan Dollars, and any foreign currencies are converted into New Taiwan Dollars with spot exchange rate on the financial report date. (USD spot exchange rate of 28.48; RMB spot exchange rate of 4.377; RMB profit and loss exchange rate of 4.282 on December 31, 2020)

TABLE 6

Gudeng Precision Industrial Co., Ltd.

Significant transactions with investee companies in mainland China incurred directly or indirectly through a third region, and their prices, payment terms, unrealized gain or loss, and other relevant information
From January 1 to December 31, 2020
Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company In Mainland China	Type of Transaction	Purchases, Sales, and Service fees		Price	Transaction Terms		Notes/ Trade receivable (payable)		Unrealized gain (loss)	Remark
		Amount	Percentage		Payment Terms	Compared with normal transactions	Amount	Percentage		
Shanghai Gudeng Trading Co., Ltd.	Sales	$ 24,675	2	Same as normal clients	Same as normal clients	Same as normal clients	$ 16,486	5	$ -	
〃	Service fees	19,742	3	Same as normal clients	Same as normal clients	Same as normal clients	(11,583)	3	-	

TABLE 7

Gudeng Precision Industrial Co., Ltd.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Unit: Shares

Name of Major Shareholder	Shares	
	Number of Shares Held	Ratio of Shareholding
Ming-Chian Chiou	8,139,244	10.65%
Ming-Lang Zhuang	7,351,513	9.62%
Tian-Ruei Lin	5,638,233	7.40%

Note 1: Information on major shareholders in this table is information on 5% and above of the total of the ordinary shares and preference shares held by shareholders without physical registration (including treasury shares) and calculated on the last business day of each quarter by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's parent company only financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

STATEMENTS OF MAJOR ACCOUNTING SUBJECTS

ITEM	CODE / INDEX
Major Accounting Items in Assets, Liabilities and Equity	
Statement of Cash and Cash Equivalents	Statement I
Statement of Financial assets at fair value through profit or loss - current	Note 7 and Statement II
Statement of Financial Assets Measured at Amortized Cost - Current	Note 8
Statement of Notes Receivable	Statement II
Statement of Trade Receivable	Statement III
Statement of Other Receivable	Note 9
Statement of Inventories	Statement IV
Statement of Prepayments	Note 16
Statement of Other Current Assets	Note 17
Statement of Financial assets at amortized cost - non-current	Note 8
Statement of Changes in Investments accounted for using the equity method	Statement V
Statement of Changes in Property, Plant and Equipment	Note 12
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 12
Statement of Changes in Accumulated Impairment of Property, Plant and Equipment	Note 12
Statement of Changes in Investment Properties	Note 14
Statement of Changes in Accumulated Depreciation of Investment Properties	Note 14
Statement of Changes in Right-of-use Assets	Statement VI and Note 13
Statement of Changes in Accumulated Depreciation of Right-of-use Assets	Statement VI
Statement of Changes in Intangible Assets	Note 15
Statement of Deferred Income Tax Assets	Note 27
Statement of Short-term borrowings	Statement VII
Statement of Trade Payable	Statement VIII
Statement of Other Payable	Note 21
Statement of Provisions - current	Note 22
Statement of Other Current Liabilities	Note 21
Statement of corporate bonds Payable	Note 19
Statement of Lease liabilities	Statement IX
Statements of Profit or Loss Items	
Statement of Operating Revenue	Statement X
Statement of Operating costs	Statement XI
Statement of Operating Expenses	Statement XII
Statement of OTHER OPERATING INCOME AND EXPENSES	Note 26
Statement of Finance Costs	Note 26
Summary of Employee Benefits, Depreciation, Depletion and Amortization Expenses Incurred in the Current Period by Function	Statement XIII

STATEMENT 1

Gudeng Precision Industrial Co., Ltd.

Statement of Cash and Cash Equivalents
DECEMBER 31, 2020
Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Item	Summary	Amount
Cash		
Cash on hand		$ 879
Bank deposits		
Checks and demand deposits		1,193,593
Foreign currency demand deposits	Including USD 2,236 thousand @28.48 JPY 4,854 thousand @0.2763	65,107
		1,258,700
		$ 1,259,579

STATEMENT 2

Gudeng Precision Industrial Co., Ltd.

Statement of Notes Receivable
DECEMBER 31, 2020
Unit: In Thousands of New Taiwan Dollars

Name of client	Amount
Non-related party	
Sirocco Industrial Co., Ltd.	$ 252

Gudeng Precision Industrial Co., Ltd.

Statement of Notes Receivable
DECEMBER 31, 2020
Unit: In Thousands of New Taiwan Dollars

Name of client	Amount
Related party	
Shanghai Gudeng	$ 16,486
Gudeng Automation	1,065
We Solutions	836
	$ 18,387
Non-related party	
Siliconware Precision Industries Co., Ltd.	$ 23,628
Taiwan Semiconductor Manufacturing Co. Ltd.	217,552
Others (Note)	98,815
	339,995
Less: Allowance for Bad Debts	(866)
	$ 339,129

Note: The balance of each client does not exceed 5% of the balance of this account.

STATEMENT 4

Gudeng Precision Industrial Co., Ltd.

Statement of Inventories
DECEMBER 31, 2020
Unit: In Thousands of New Taiwan Dollars

Item	Amount	
	Cost	Market value (Note)
Raw materials	$ 131,431	$ 96,245
Semi-finished products	246,709	116,671
Work in progress	39,389	37,516
Finished goods	129,406	228,430
Commodities	15,591	-
	562,526	
Less: Allowance for write-downs of inventories for price loss and obsolescence	(227,858)	
	$ 334,668	

Note: The market price is calculated based on the net realizable value.

Gudeng Precision Industrial Co., Ltd.

Statement of Changes in Investments in long-term ownership accounted for using the equity method
From January 1 to December 31, 2020
Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

	Beginning balance		Increase in the period		Stock Cash dividends distribution		Subsidiary recognized Changes in equity interest	Investment Profit (Loss) (Note I)	Cumulative translation Adjustment	Ending Balance			Market price or net balance of equity (Note II)		Valuation basis	Provision of collateral or Pledge Provided
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Ratio of shareholding %	Amount	Unit price (Dollar)	Total price		
Non-publicly traded company																
Rich Point	-	$ 283,265	-	$ -	-	$ -	$ -	($ 9,240)	$ 3,668	-	100	$ 277,693	-	$ 277,693	Equity method	None
Gudeng Venture	9,200,000	34,240	6,000,000	60,000	-	-	3,502	3,652	-	15,200,000	100	101,394	6.67	101,394	Equity method	None
We Solutions	14,000,000	47,077	6,000,000	60,000	-	-	-	3,395	-	20,000,000	100	110,472	5.52	110,472	Equity method	None
Gudeng Automation	1,750,000	39,967	8,000	190	1,050,000	-	(6)	33,461	-	2,808,000	50.87	73,612	26.41	73,612	Equity method	None
		$ 404,549		$ 120,190		$ -	$ 3,496	$ 31,268	$ 3,668			$ 563,171		$ 563,171		

Note 1: Calculated by the financial statements for the year ended December 31, 2020 audited by certified public accountants.
Note 2: Net values of equity interest were calculated based on the financial statements of investee companies and ratio of shareholding of the Company.

Gudeng Precision Industrial Co., Ltd.

Statement of Changes in Right-of-use Assets
From January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars

Item	Land	Transportation Equipment	Total
Cost			
Balance at the beginning of the year	$ 62,163	$ 16,473	$ 78,636
Addition	2,515	14,936	17,451
Disposal	(64,678)	(6,457)	(71,135)
Balance at the end of the year	$ -	$ 24,952	$ 24,952
Accumulated depreciation			
Balance at the beginning of the year	$ 3,453	$ 4,223	$ 7,676
Depreciation expenses	2,701	6,594	9,295
Disposal	(6,154)	(3,633)	(9,787)
Balance at the end of the year	$ -	$ 7,184	$ 7,184
Net balance - end of the year	$ -	$ 17,768	$ 17,768

Gudeng Precision Industrial Co., Ltd.

Statement of Short-term borrowings
DECEMBER 31, 2020
Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Type of loans	Description	Ending Balance	Term of the agreement	Interest rate interval (%)	Financing line	Collaterals or guarantees
Line of credit loans						
Taiwan Business Bank	Loans of Financial Institutions	$ 80,000	2020/10/30～2021/2/25	1.3	$ 80,000	Please refer to the descriptions of Notes 35 and 36.
Taiwan Business Bank	Loans of Financial Institutions	70,000	2020/10/5～2021/4/5	1.3	70,000	Please refer to the descriptions of Notes 35 and 36.
Land Bank of Taiwan	Loans of Financial Institutions	50,000	2020/10/20～2021/2/10	1.5	70,000	None.
		$ 200,000			$ 220,000	

Gudeng Precision Industrial Co., Ltd.

Gudeng Precision Industrial Co., Ltd.
Statement of Trade PayableUnit: In Thousands of New Taiwan Dollars

Name of client	Amount
Related party	
We Solutions Technology Co., Ltd.	$ 14,598
JIN HUI Technology Co., Ltd.	2,959
	$ 17,557
Non-related party	
VICTREX MANUFACTURING LTD.	$ 16,151
RTP (Singapore) Co. Ltd.	14,680
Xin Shangxin Company	10,000
Jiurun Precision Technology Co Ltd.	5,624
PolyOne Singapore Pte. Ltd.	5,264
Others (Note)	57,946
	$ 109,665

Note: The balance of each client does not exceed 5% of this account.

Gudeng Precision Industrial Co., Ltd.

Statement of Lease liabilities
DECEMBER 31, 2020
Unit: In Thousands of New Taiwan Dollars

Item	Summary	Lease duration	Discount rate	Ending Balance	Remark
Transportation Equipment	Company vehicle	2017/3/17~2025/8/7	1.85%~7.9%	$ 18,198	

Gudeng Precision Industrial Co., Ltd.

Statement of Operating Revenue
From January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars

Item	Amount
Sales revenue, net	
Mask handling solutions - carrier	$ 1,141,123
Wafer handling solutions - carrier	174,247
Semiconductor manufacturing raw materials and consumables	19,001
Other	95,793
	$ 1,430,164

STATEMENT 11

Gudeng Precision Industrial Co., Ltd.

Statement of Operating costs
From January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars

Item	Amount
Raw materials (including semi-finished goods), beginning	$ 249,917
Add: Materials purchased in the period	454,980
Add: Transferred from work-in-progress	90
Less: Raw materials (including semi-finished goods), ending	(378,140)
Transferred various expenses	(16,680)
Gain on inventory count	55
Raw materials used in the period	310,222
Director labor	81,490
Processing expenses	58,015
Manufacturing overheads	310,486
Manufacturing costs	760,213
Add: work-in-process, beginning	44,284
Less: work-in-process, ending	(39,389)
Transferred various expenses	(1,347)
Work-in-process costs	763,761
Finished products, beginning	98,352
Add: Materials purchased in the period	16,540
Less: finished products, end	(129,406)
Transferred various expenses	(15,121)
Losses	(267)
Manufacturing Cost of goods sold	733,859
Stock in hand, beginning	16,375
Less: Stocks, end	(15,591)
Purchase and sales costs	784
Sales costs	734,643
Other operating costs	
Add: Revenue from leftover materials sold	(84)
Loss on inventories for price loss	94,771
Inventories loss	212
	94,899
Operating costs	$ 829,542

Gudeng Precision Industrial Co., Ltd.

Statement of Operating Expenses
From January 1 to December 31, 2020
Unit: In Thousands of New Taiwan Dollars

Item	Selling and marketing expenses	General and administrative expenses	Research and development expenses	Total
Salary expenditures (including pension)	$ 32,773	$ 214,418	$ 54,406	$ 301,597
Shipping fees	7,173	684	244	8,101
Sample expenses	6,994	-	4	6,998
Depreciation	637	26,974	4,451	32,062
Service fees	20,865	-	-	20,865
Labor fees	935	40,723	300	41,958
Mould expenses	154	-	12,964	13,118
Other expenses (Note)	21,519	82,975	48,184	152,678
	$ 91,050	$ 365,774	$ 120,553	$ 577,377

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

Gudeng Precision Industrial Co., Ltd.

Summary of Employee Benefits and Depreciation Expenses Incurred in the Current Period by Function
For the years ended December 31, 2020 and 2019
Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

	For the year ended December 31, 2020			For the year ended December 31, 2019		
	Operation costs	Operation Expenses	Total	Operation costs	Operation Expenses	Total
Employee benefits expenses (Note)						
Salary expenses	$ 119,429	$ 282,402	$ 401,831	$ 83,130	$ 190,803	$ 273,933
Labor insurance and National Health Insurance expense	8,810	12,113	20,923	6,324	9,289	15,613
Pension expense	3,686	5,544	9,230	2,653	4,132	6,785
Remuneration of directors	-	13,651	13,651	-	6,927	6,927
Other employee benefits expenses	3,919	7,584	11,503	3,506	6,194	9,700
	$ 135,844	$ 321,294	$ 457,138	$ 95,613	$ 217,345	$ 312,958
Depreciation expenses	$ 79,025	$ 32,062	$ 111,087	$ 67,287	$ 25,928	$ 93,215
Amortization expenses	$ 305	$ 6,049	$ 6,354	$ 450	$ 4,633	$ 5,083

1. As of December 31, 2020 and 2019, the number of employees of the Company was 366 and 283, respectively. The number of directors who did not concurrently serve as employees were both 4.
2. For companies whose shares are listed on the TWSE/TPEx, the following information should also be additionally disclosed:
   (1) The average employee benefits expenses were $1,225 thousand for the year. ([Total employee benefit expenses for the current year - Total directors' remuneration] / [Number of employees for the current year - Number of directors who do not serve as employees])
   The average employee benefits expenses were $1,097 thousand for the prior year. ([Total employee benefit expenses for the previous year - Total directors' remuneration] / [Number of employees for the previous year - Number of directors who do not serve as employees])
   (2) The average employees' salary expenses were $1,110 thousand for the year. (Total employee salary expenses for the current year / [Number of employees for the current year - Number of directors who do not serve as employees])
   The average employees' salary expenses were $982 thousand for the prior year. (Total employee salary expenses for the previous year / [Number of employees for the previous year - Number of directors who do not serve as employees])
   (3) The change in the average employees' salary expenses was 13%. ([The average employee salary expense for the current year-The average employee salary expense for the previous year]/The average employee salary expense for the previous year)
   (4) Remuneration for Supervisors was $5,850 thousand for the current year, and $2,924 thousand for the previous year.
   (5) Compensation policy of the Company are as follows:
      I. The Board of Directors shall be authorized to determine the remuneration for all Directors and Supervisors of the Company in accordance with the Articles of Incorporation based on level of participation in the company's operation, values of their contribution to the company, and industry's prevailing rates regardless of profits or losses and risk of future.
      II. Remuneration of Directors and Supervisors of the Company is determined in accordance with the Articles of Incorporation, submitted to the Board of Directors for approval and reported to the shareholders' meeting.
      III. The Company has established a Remuneration Committee to review the reasonableness of the policies, systems, standards, and structure of remuneration on a regular basis, and to integrate operational performance with the performance of employees; The remuneration of the Officers of the Company is determined by the Remuneration Committee on the basis of the operating team's operating performance and achievement of targets with reference to the job scope of the position and evaluation of the contribution to the operating objectives of the Company, approved by the Board of Directors and reported to the shareholders' meeting.