RITEK CORPORATION

Consolidated Financial Statements for the Years

Ended December 31, 2020 and 2019

Independent Auditors' Report

(Stock code 2349)

Address: NO.42 Kuangfu N.rd Hsinchu Industrial

Park Taiwan 303 R.O.C

Phone:(03)598-5696

安永聯合會計師事務所

11012 台北市基隆路一段333號9樓
9F, No. 333, Sec. 1, Keelung Road
Taipei City, Taiwan, R.O.C.

Tel: 886 2 2757 8888
Fax: 886 2 2757 6050
www.ey.com/tw

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders
of Ritek Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Ritek Corporation and its subsidiaries (collectively, the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), 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 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Judgement of Consolidated Components

According to International Financial Reporting Standards of Republic of China No. 10, regardless of the nature of the investment, investor should assess whether they have control over investee in order to determine whether they are parent company. Since the Company does not have shareholding ratio over 50% for some consolidated components, the judgement of whether the Company has control over them would significantly influence the preparation and fair presentation of the consolidated financial statement, therefore we conclude that judgement of control over consolidated components whose shareholding ratio is not over 50% is a key audit matter.

The audit procedures we performed included but not limited to the following related audit procedures: review the group's investment structure, inquire the shareholding ratios of the subsidiaries, assess the number of seats and ratio of current board of directors, verify the proxy forms that directly or indirectly held majority voting power and inquire into evidence exhibiting the actual ability to significantly impact related activities, including the main management, to confirm that Ritek Corporation has control over all merged entities.

We assessed appropriateness of disclosures regarding consolidation of the Company and its subsidiaries. Please refers to Notes 4 and 5 for related consolidation information.

Non-Financial Assets Impairment

The Company recognized consolidated property, plant and equipment in the amount of NT$9,474,412 thousand as of December 31, 2020, which represented 48% of total consolidated assets. Due to the Company's year-end loss in 2020, its assets may be impaired. In fact, the assessment procedure of no-financial assets impairment highly involves making assumptions and estimation, therefore we conclude that impairment of non-financial assets is a key audit matter.

The audit procedures we performed included but not limited to the following related audit procedures: assess judgement of the Company on signs of impairment for the cash generation unit; measure the recoverable amount of the asset or cash generating unit, which is the higher of the fair value less the cost and the use value; examine the Company's historical data and other external industrial analysis report to assess the rationality of the assumption and discount rate that were used for impairment testing; assess the rationality of the key assumption that was made by management when forecasting future cash flow (including sales growth rate and gross profit margin rate by products).

We assessed appropriateness of disclosures regarding non-financial assets impairment of the Company and its subsidiaries. Please refer to Notes 4, 5 and 6 for related consolidation information.

Revenue Recognition

The Company recognized consolidated sales revenue in the amount of NT$6,578,209 thousand in 2020. The main activities of the Company are the sale and manufacturing of CD-ROM, OLED, conductive glass and green products (solar module / LED / battery and related products), and other optical products. Build to order method was adopted for transactions. Different contract terms were made in response to the market traits and customers' demands. Since the timing of the satisfaction of performance obligation needs to be determined based on each contract term, we conclude that revenue recognition is a key audit matter.

The audit procedures we performed included but not limited to the following related audit procedures: assess the appropriateness of the Company's revenue recognition accounting policy and understand revenue recognition procedures of identified performance obligations ; evaluate and test the design and effectiveness of internal control over the timing of revenue recognition when performance obligations satisfied ; perform analytical procedure for selling price, sales volume, cost and gross profit margin by products and also for the top 10 customers; select samples to perform tests of details, review terms of contracts and supporting documents to verify the appropriateness and reasonableness of the timing of revenue recognition; perform cut-off testing for revenue before and after the balance sheet date and review supporting documents to ensure revenue was recognized in the proper period; review huge sales returns subsequent to the balance sheet date and clarify the cause and nature; and perform general journal entries test.

We assessed appropriateness of disclosures regarding revenue recognition of the Company and its subsidiaries. Please refer to Notes 4 and 6 for related consolidation information.

Other Matter – Making Reference to the Audit(s) of (a) Component Auditor(s)

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$1,458,793 thousand and NT$2,516,864 thousand, constituting 7% and 12% of consolidated total assets as of December 31, 2020 and 2019, respectively, and total operating revenues of NT$296,597 thousand and NT$726,241 thousand, constituting 5% and 9% of consolidated operating revenues for the years ended December 31, 2020 and 2019, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates under equity method amounted to NT$82,460 thousand and NT$38,925 thousand, representing 0% and 0% of consolidated total assets as of December 31, 2020 and 2019, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$(4,722) thousand and NT$4,101 thousand, representing 1% and 0% of the consolidated net income before tax for the years ended December 31, 2020 and 2019, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(1,742) thousand and NT$(602) thousand, representing 1% and 0% of the consolidated other comprehensive income for the years ended

December 31, 2020 and 2019.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019.

HSU, JUNG-HUANG
TU, JIA-LING
Ernst & Young, Taiwan
March 26, 2021

RITEK Technology Co., Ltd. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and December 31, 2019

Unit: NT$1000

Assets			December 31, 2020		December 31, 2018	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	VI.1	$4,187,025	21	$4,045,515	19
1110	Financial assets at fair value through profit or loss-current	VI.2	368,835	2	212,648	1
1120	Financial assets at fair value through other comprehensive profit and loss-current	VI.3	12,513	-	26,237	-
1136	Financial assets measured at amortized cost-current	VI.4 and VIII	106,745	1	118,857	1
1150	Net notes receivable	VI.5 andVI.23	26,581	-	28,905	-
1160	Notes Receivable-related parties			-		-
1170	Net accounts receivable	VI.6, VI.23 and VIII	1,131,615	6	1,120,613	6
1175	Lease payment receivables	VI.7, VI.21 and VIII	-	-	-	-
1180	Net accounts receivable-related parties	VI.6, VI.23 and VII	7,166	-	7,258	-
1197	Net of finance lease receivables	VI.7, VI.21 aand VIII	2,235	-	1,997	-
1200	Other Non-operating Receivables			-		-
1210	Other Non-operating Receivables-related parties			-		-
1220	Current tax assets			-		-
130x	Inventory	VI.8	1,439,936	7	2,133,518	10
1400	Biological transformation-current			-		-
1410	Prepayments			-		-
1450	non-current assets (or disposal groups) as held for distribution to owners			-		-
1460	non-current assets held for sale	VI.9		-	-	-
1470	Other current assets	VI.23, VI.28 and VII	390,191	2	434,596	2
11xx	Total current assets		7,672,842	39	8,130,144	39
	Non-current assets					
1510	Financial assets at fair value through profit or loss-Noncurrent	VI.2	80,042	-	109,936	1
1517	Financial assets at fair value through other comprehensive profit and loss-Non-current	VI.3 and VIII	368,586	2	506,348	2
1527	Financial asset in held-to-maturity-noncurrent			-		-
1535	Financial assets measured at amortized cost-noncurrent	VI.4 and VIII	172,810	1	163,413	1
1550	Investments accounted for using equity method	VI.9	140,667	1	38,925	-
1600	Property, plant and equipment	VI.10 and VIII	9,474,412	48	10,264,640	49
1750	Net Accounts of Natural Resources			-		-
1755	right-of-use asset	VI.24 and VIII	325,140	2	313,279	1
1760	Net investment property	VI.11 and VIII	373,522	2	343,650	2
1780	Intangible assets	VI.12 and VI.14	555,664	3	590,530	3
						-
1840	Deferred tax assets	VI.28	327,158	2	382,527	2
1900	Other non-current assets	VI.13	16,572	-	65,387	-
1935	Long-term lease payment receivables	VI.7, VI.22 and VIII		-		-
1960	Current prepayments for investments		-	-	-	-
194D	Net of long-term finance lease receivables	VI.7, VI.23 and VIII	44,254	-	46,611	-
1970	Other long-term investments		-	-	-	-
15xx	Total non-current assets		11,878,827	61	12,825,246	61
1xxx	Total assets		$19,551,669	100	$20,955,390	100

(Please refer to the notes to the Consolidated Financial Statements)

Chairman: Yeh, Chwei-Jing Manager: Yeh, Chwei-Jing Chief Account: Shih, Gu-Fu

RITEK Technology Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2020 and December 31, 2019

Unit: NT$1000

Liabilities and Equity			December 31, 2020		December 31, 2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	VI.15 and VIII	$1,639,797	9	$1,744,767	8
2110	Short-term notes and bills payable	VI.16 and VIII	44,951	-	78,883	1
2120	Financial liabilities at fair value through profit or loss-current	VI.17	-	-	11,845	-
2125	Derivative financial liability for hedging - noncurrent.			-		-
2130	Contract liabilities-current			-		-
2145	Finance liabilities at cost-current			-		-
2130	Contract liabilities-current			-	-	-
2150	Notes payable		42,522	-	50,920	-
2160	Notes payable-related parties	VII	-	-	-	-
2170	Accounts payable		629,373	3	657,308	3
2180	Accounts payable-related parties	VII	863	-	899	-
2200	Other payables	VII	647,000	3	631,227	3
2220	Other accounts payable – related parties		196	-	-	-
2230	Current income tax liability	VI.28	7,972	-	16,399	-
2250	Provisions - Current			-		-
2260	Liabilities included in disposal groups classified as held for sale			-		-
2280	Lease liabilities －current	VI.24	25,656	-	39,098	-
2300	Other current liabilities	VI.22	121,195	1	105,733	1
2320	Long-term liabilities maturing within one year or one operating cycle	VI.19 and VIII	1,356,413	7	1,172,211	6
21xx	Total current liabilities		4,515,938	23	4,509,290	22
	Non-current liabilities					
2500	Financial liability at fair value through profit or loss-noncurrent	VI.17 and VIII	385	-	-	-
2510	Derivative financial liability for hedging - noncurrent			-		-
2525	Financial liabilities carried at cost-noncurrent			-		-
2530	Bonds payable	VI.18and VIII	327,030	2	-	-
2540	Long-term loans	VI.19 and VIII	3,936,993	20	4,814,255	23
2550	Non-current provisions			-		-
2570	Deferred tax liabilities	VI.28	47,595	-	35,517	-
2580	Lease liabilities －noncurrent	VI.24	216,915	1	196,789	1
2640	Net defined benefit liabilities-noncurrent	VI.20	148,346	1	168,243	1
2660	Deferred Credits-Gains on Inter-Afffiliate Accounts			-		-
2670	Other non-current liabilities		70,521	-	63,045	-
25xx	Total non-current liabilities		4,747,785	24	5,277,849	25
2xxx	Total liabilities		9,263,723	47	9,787,139	47
31xx	Equity attributable to owners of the parent	VI.21				
3100	Capital stock					
3110	Common stock		6,936,797	35	12,841,579	61
3120	Capital - preferred stock.			-		-
3130	Certificates of Bond-to-Stock Conversion			-		-
3140	Advance Receipts for Common Stock			-		-
3150	Stock Dividend to be Distributed			-		-
3160	Certificate of Entitlement form preferred stock to sommon stock			-		-
	Total capital stock.			-		-
3200	Capital surplus	VI.21	1,147,123	6	1,129,918	5
3300	Retained earnings	VI.21				
3310				-		-
3320				-		-
3350	Loss to be made up		(891,794)	(5)	(5,904,783)	(28)
	Total amount of retained earnings			-		
3400	Other owner's equity		(1,167,793)	(6)	(1,059,203)	(5)
3500		VI.19		-	-	-
36xx	Non-controlling interests	VI.21	4,263,613	23	4,160,740	20
3xxx	Total owner's equity					
			10,287,946	53	11,168,251	53
	Total liabilities and owner's equity		$19,551,669	100	$20,955,390	100

(Please refer to the notes to the Consolidated Financial Statements)

Chairman: Yeh, Chwei-Jing Manager: Yeh, Chwei-Jing Chief Account: Shih, Gu-Fu

RITEK Technology Co., Ltd. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to December 31 of 2020 and 2019

Unit: NT$1000

Code	Accouts	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
4000	Operating income	VI.22 and VII	$6,578,209	115	$7,779,123	107
5000	Operating costs	VI.8, 24, 25 and VII	5,700,940	100	7,240,537	100
5900	Operating gross profit		877,269	15	538,586	7
6000	Operating expenses	VI.24, 25 and VII				
6100	Selling expenses		474,008	8	512,162	7
6200	General and administration expenses		720,381	13	763,224	11
6300	Research and development expenses		146,486	3	182,507	3
6450	Expected credit impairment benefits	VI.23	18,302	-	56,716	1
	Total operating expenses		1,359,177	24	1,514,609	22
6900	Operating loss		(481,908)	(9)	(976,023)	(15)
7000	Non-operating income and expenditure	VI.26				
7100	Interest income		20,955	-	44,576	1
7010	Other income	VII	391,209	7	229,401	3
7020	Other profit and loss		(491,898)	(9)	(1,592,857)	(22)
7050	Financial costs		(156,806)	(3)	(179,399)	(2)
7055	Expected credit impairment loss	VI.21	-	-	-	-
7060	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	VI.9	(11,307)	-	4,101	-
	Total non-operating income and expenditure		(247,847)	(5)	(1,494,178)	(20)
7900	Net loss before tax		(729,755)	(14)	(2,470,201)	(35)
7950	Income tax expense	VI.28	(71,972)	-	(101,281)	(1)
8200	Net loss for the year		(801,727)	(14)	(2,571,482)	(36)
8300	Other comprehensive gain and loss	VI.27				
8310	Components of other comprehensive income that will not be reclassified to profit or loss.					
8311	Remeasurements of defined benefit plans	VI.20	11,079	-	(31,875)	-
8316	Unrealized loss on equity instrument investment at fair value through other comprehensive gain(loss)		(141,220)	(2)	(70,218)	(1)
8349	Income tax relating to the items that will not be reclassified subsequently to profit or loss	VI.26	-	-	-	-
8349	Income tax relating to the items that will not be reclassified subsequently to profit or loss	VI.28	(5,075)	-	5,075	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange difference on translation of financial statements of foreign operations		(73,147)	(2)	(95,612)	-
8370	Share of other comprehensive gain(loss) of associates and joint ventures accounted for using equity method-items that Share of (loss) -items that may be reclassified subsequently to porfit or loss	VI.9	(1,742)	-	(602)	-
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	VI.28	64	-	1,847	-
	Other comprehensive income for the year (net of income tax)		(210,041)	(4)	(191,385)	(1)
8500	Total comprehensive income for the year		$(1,011,768)	(18)	$(2,762,867)	(37)
8600	Net profit (loss) attributable to :					
8610	Owners of parent company		$(897,386)		$(2,254,907)	
8620	Non-controlling interests		95,659		(316,575)	
			$(801,727)		$(2,571,482)	
8700	The total comprehensive profit(loss) attributable to :					
8710	Owners of parent company		$(1,000,383)		$(2,295,160)	
8720	Non-controlling interests		(11,385)		(467,707)	
			$(1,011,768)		$(2,762,867)	
	Loss per share (NT$)	VI.29				
9750	Basic loss per share					
	Net loss for the year		$(1.29)		$(3.25)	

(Please refer to the notes to the Consolidated Financial Statements)

Chairman: Yeh, Chwei-Jing   Manager: Yeh, Chwei-Jing   Chief Account: Shih, Gu-Fu

RITEK Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to December 31 of 2020 and 2019
(Review only without audit under general accepted audit standards)

Unit: NT$1000

Item	Equity attributable to owners of the parent						Non-controlling interest	Total equity
				Other equity				
	Capital stock	Capital surplus	Loss to be covered	Exchange difference on translation of financial statements of foreign operations	Unrealized gains(losses) on financial assets at fair value through other comprehensive income	Total		
	3100	3200	3350	3410	3420	31XX	36XX	3XXX
Balance as of January 1, 2019	$12,841,579	$950,835	$(3,583,955)	$(629,035)	$(409,674)	$9,169,750	$4,037,714	$13,207,464
Effects of retroactive application and retroactive resta	-	-		-		-		-
Balance after restatement as of January 1, 2019								
Capital surplus used to cover accumulated deficits						-	-	-
Change in other capital surplus								
Produced by consolidated								
Produced as a result of receiving								
ecognizing equity due to the issuance of convertible corporate bonds.- stock opti								
Changes in ownership interests in subsidiaries.	-	-	-	-		-	-	0
Net loss in 2019	-	-	(2,254,907)	-	-	(2,254,907)	(316,575)	(2,571,482)
Other comprehensive income in 2019	-	-	(17,185)	(75,055)	51,987	(40,253)	(151,132)	(191,385)
Total comprehensive income	-	-	(2,272,092)	(75,055)	51,987	(2,295,160)	(467,707)	(2,762,867)
Capital reduction for covering loss	-	-	-	-	-	-	-	-
The shares of parent company disposed by a subsidiar	-	-		-	-	-	-	-
The shares of subsidiary actually acquired or disposed	-	1,503	-	-	-	1,503	208,335	209,838
Change in the ownership of subsidiary	-	177,580	(46,162)	-	-	131,418	386,216	517,634
The disposal of equity instrument measured at fair va	-	-	(2,574)	-	2,574	-	-	-
Changes in equity of non-controlling equity	-	-		-	-	-	(3,818)	(3,818)
The disposal of equity instrument measured at fair va	-	-	-	-	-	-	-	-
Treasury Stock Retired	-	-	-	-		-	-	-
Treasury Stock Acquired	-	-	-	-		-	-	-
Balance as of December 31, 2019	$12,841,579	$1,129,918	$(5,904,783)	$(704,090)	$(355,113)	$7,007,511	$4,160,740	$11,168,251
Balance as of January 1, 2020	$12,841,579	$1,129,918	$(5,904,783)	$(704,090)	$(355,113)	$7,007,511	$4,160,740	11,168,251
Effect of retrospective application and retrospective r	-	-	-	-	-	-	-	-
Capital surplus								
Produced by consolidated								
Produced as a result of receiving								
The project is composed of recognizing equity due to the issuance of convertible corporate bonds.- stock option								
Changes of Associates Accounted for Using Equity Method	-	-		-		-	-	0
Changes of capital surplus:								
Changes of Associates Accounted for Using Equity Method	-	-	-	-	-	-	-	-
Net loss in 2020	-	-	(897,386)	-	-	(897,386)	95,659	(801,727)
Other comprehensive income in 2020	-	-	6,004	(78,883)	(30,118)	(102,997)	(107,044)	(210,041)
Total comprehensive income	-	-	(891,382)	(78,883)	(30,118)	(1,000,383)	(11,385)	(1,011,768)
Capital reduction for covering loss	(5,904,782)	-	5,904,782	-	-	-	-	-
The shares of parent company disposed by a subsidiar	-	-		-	-	-	-	-
The shares of subsidiary actually acquired or disposed	-	44,800	-	-	-	44,800	172,625	217,425
Change in the ownership of subsidiary	-	(27,595)	-	-	-	(27,595)	71,109	43,514
The disposal of equity instrument measured at fair va	-	-	(411)	-	411	-	-	-
Changes in equity of non-controlling equity	-	-	-	-	-	-	(129,476)	(129,476)
The disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Treasury Stock Retired	-		-	-	-	-	-	-
Balance as of December 31, 2020	$6,936,797	$1,147,123	$(891,794)	$(782,973)	$(384,820)	$6,024,333	$4,263,613	$10,287,946

(Please refer to the notes to the Consolidated Financial Statements)

Chairman: Yeh, Chwei-Jing Manager: Yeh, Chwei-Jing Chief Account: Shih, Gu-Fu

RITEK Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31 of 2020 and 2019

Unit: NT$1000

Item	2020 Amount	2019 Amount
Cash flow from operating activities:		
Net loss before income tax for this year	$(729,755)	$(2,470,201)
Adjustments:		
Items of gains, expenses and losses:		
Depreciation expenses and other losses	937,893	1,655,153
Amortization expenses and other expenses	75,275	112,661
Impairment loss (impairment gain and reversal of impairment loss)	18,302	56,716
(Gains on Financial Assets (Liabilities) at Fair Value through Profit or Loss)	(11,660)	(66,959)
Interest expenses	156,806	179,399
Interest revenue	(20,955)	(44,576)
Dividend income	286	(16,583)
Share of loss/profit of subsidiaries, associates and joint ventures accounted for	(3,996)	-
Loss (Profit) from disposing and scrapping real estate, plant and equipment	11,095	-
Loss (benefit) from disposal of investments	52,589	(5,717)
Loss of impairment of non-financial assets	(4,166)	17,238
Bargain purchase gains	-	-
Changes in operating assets and liabilities	8,346	(23,453)
Increase of available-for-sale financial assets	(2,156)	1,362,187
Decrease (increase) of notes receivable	-	-
Decrease (increase) of accounts receivable		
Decrease in lease receivables	2,324	(6,563)
Decrease (increase) of inventory	56,215	488,349
Decrease (increase) of other current assets	729,579	756,289
Increase (decrease) in available-for-sale financial liabilities	49,452	22,246
Decrease of notes payable	-	11,845
Increase (decrease) of accounts payable	(8,398)	(44,250)
decrease of other payables	(51,938)	(421,937)
Decrease of other current liabilities	16,419	(236,843)
Decrease of net defined benefit liabilities	9,828	(36,452)
Increase of net defined benefit liabilities	(13,893)	(12,835)
Interest received	1,212,160	1,275,714
Interest paid	22,140	44,522
Income tax paid	(155,036)	(187,210)
Net cash (outflow) inflow from operating activities	(17,928)	(29,872)
	1,061,336	1,103,154

Item	2020 Amount	2019 Amount
Cash flow from investment activities:		
Acquisition of financial assets at fair value through other comprehensive gain (loss)	$(985,943)	$(117,096)
Disposal of financial assets at fair value through other comprehensive gain (loss)	854,783	136,517
Cash returned of capital reduction of financial assets at fair value through other	(6,284)	(198,740)
Acquisition of financial assets at amortization cost	15,581	8,002
Acquisition of equity-method investments	23,618	40,850
	2,715	(33,740)
	(127,548)	(30,000)
Disposal of equity-method investments	-	75,746
Acquisition of subsidiaries (deducting the cash obtained)	100,000	-
Disposal of subsidiaries	(23,494)	-
Acquisition of investments using the equity method	21,122	-
Disposal of investments using the equity method	(318,823)	(637,316)
Acquisition of intangible assets	40,118	48,363
Cash inflow due to Consolidation	-	(614)
Rents Receivable	(848)	169,182
Other non-current assets	2,119	1,657
Dividends received	57,067	40,807
Net cash inflow/outflow from investment activities	65,332	16,583
	(280,485)	(479,799)
Cash flow from financing activities:		
Increase in short-term borrowings	323,802	-
Increase (decrease) in short-term bills payable	(163,678)	(458,393)
Borrowing (repaying) long-term loans	(33,932)	(172,096)
Increase of other non-current liabilities	-	1,355,752
Other non-current liabilities	(779,901)	(1,319,615)
Disposal of treasury stock	32,431	(16,853)
Acquisition of equity in subsidiaries	3,476	7,555
Disposal of equity in subsidiary (no loss of control)	(314)	(51,205)
Changes in non-controlling interests	166,253	261,043
Net cash inflow (outflow) from financing activities	36,640	397,157
	(480,085)	3,345
Effect of exchange rate changes on cash and cash equivalents		
	(159,256)	(78,923)
Current increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	141,510	547,777
Cash and cash equivalents at the end of the year	4,045,515	3,497,738
	$4,187,025	$4,045,515

(Please refer to the notes to the Consolidated Financial Statements)

Chairman: Yeh, Chwei-Jing　　Manager: Yeh, Chwei-Jing　　Chief Account: Shih, Gu-Fu

RITEK Corporation and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2020
And January 1 to December 31, 2019
(Unless otherwise stated, the amount unit shall be in NT$ 1,000)

I. Company History

RITEK CORPORATION (hereinafter referred to as the Company) was established in December 1988, whose main business includes the manufacturing process and material sales and import and export business of the optical information products, memory products and related production equipment (including the peripheral). The Group stock has been listed on the Taiwan Stock Exchange since April 1996, whose domicile and major operating base is located in No. 42, Guangfu N. Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County, Taiwan.

II. Date and Procedure Passing the Financial Statements

Consolidated Financial Statements of 2020 and 2019 of the Group and subsidiaries (hereinafter referred to as the Group) were passed and issued by the Board of Directors on March 26, 2021.

III. Application of Newly-Issued and Revised Criteria and Interpretations

1. Accounting policy changes caused by the first application of International Financial Reporting Standards

   The Group has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations or Interpretation Notice (IFRIC) approved by Financial Supervisory Commission (hereinafter referred to as FSC) in the accounting years from January 1, 2020; except for the following new criteria and corrective and influential interpretations, the rest first applications have no great influence to the Group:

   The Group chose to apply the amendment to the International Financial Reporting Standards No. 16 "COVID-19 Related Rent Concessions" approved by the FSC for the fiscal year since January 1, 2020, and deal with it in accordance with the transitional requirements of the amended standards. For the relevant rent concessions that are consistent with the direct result of the COVID-19 pandemic, it chooses not to evaluate whether it is a lease modification, and the rent concessions are treated as a lease payment change. Please refer to Note 6 for the disclosure of the notes related to the lessee in accordance with the amendment.

2. The Group has not adopted the following IASB issued and FSC approved newly issued, revised and amended criteria or interpretations:

Item	Newly issued/revised/amended criteria or interpretations	IASB issuing and effective date
1	Interest Rate Benchmark Reform—the second stage (Amendments to International Financial Reporting Standards No. 9, International Accounting Standards No. 39, International Financial Reporting Standards No. 7, International Financial Reporting Standards No. 4 and International Financial Reporting Standards No. 16)	January 1, 2021

(1) Interest Rate Benchmark Reform—the second stage (Amendments to International Financial Reporting Standards No. 9, International Accounting Standards No. 39, International Financial Reporting Standards No. 7, International Financial Reporting Standards No. 4 and International Financial Reporting Standards No. 16)

The amendments in this final stage mainly focus on the impact of changes in interest rate indicators on corporate financial statements, including:

A. As for changes in the basis for determining the contractual cash flow of financial instruments that are required by the change in interest rate indicators, the book value of financial instruments will not be delisted or adjusted, but the change in the alternative indicator interest rate will be reflected in the way of updating the effective interest rate;
B. When hedging still meets the requirements of hedging accounting, the use of hedging accounting will not be stopped due to the changes required by the reform; and
C. For new risks caused by the change and how to manage the transition to the alternative target interest rate, disclosure information is required.

The Group assessed that the above-mentioned amendments applicable to the fiscal year since January 1, 2021 will not have a significant impact on the Group.

3. Up to the date of approval of the financial statements, the Group has not adopted the following newly issued, revised and amended criteria or interpretation issued by IASB but not approved by FSC:

Item	Newly issued/revised/amended criteria or interpretations	IASB issuing and effective date
1	Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – asset sale or investment between the investor and its affiliates or joint ventures	To be determined by IASB
2	IFRS 17 “Insurance Contracts”	January 1, 2023
3	Classification of Liabilities as Current or Noncurrent (Amendments to IAS 1)	January 1, 2023
4	Amendments to the limited scope of International Financial Reporting Standards, including amendments to International Financial Reporting Standards No. 3, International Accounting Standards No. 16, and International Accounting Standards No. 37, as well as annual improvements	January 1, 2022
5	Disclosure initiative-accounting policy (amendment to International Accounting Standard No. 1)	January 1, 2023
6	Definition of accounting estimates (amendment to International Accounting Standard No. 8)	January 1, 2023

(1) Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – asset sale or investment between the investor and its affiliates or joint ventures

This plan is to deal with the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" concerning the loss of control of affiliated enterprises or joint ventures through the investment of subsidiaries. IAS 28 stipulates that when investing the non-monetary assets to exchange for the equity of affiliated enterprises or joint ventures, the share of profit or loss generated shall be written off in accordance with the downstream transaction processing method; while IFRS 10 stipulates that all benefits or losses arising from the loss of control over the subsidiaries shall be recognized. This amendment limits the foregoing provision in IAS 28 to the extent that the benefits or losses arising from the sale or investment of business assets as defined in IFRS 3 shall be fully recognized.

This amendment also modifies IFRS 10 so that, in the event that the sale or investment between the investor and its affiliates or joint ventures does not constitute the business subsidiary as defined in IFRS 3, the profit or loss arising therefrom shall be recognized only in the scope of shares not enjoyed by the investor.

(2) IFRS 17 “Insurance Contracts”

This criterion provides the comprehensive model of Insurance Contracts, including all accounting related parts (recognition, measurement, expression and disclosure principles). The core of this criterion is the general model. Under this model, the original recognition measures the Insurance Contracts group by the sum of performance cash flow and contract service margin, in which the performance cash flow includes:

A. Future cash flow estimates
B. Discount rate: reflecting the adjustment of time value of money and the financial risk related to future cash flow (which is not included in the estimated value of future cash flow); and
C. Risk adjustment for non-financial risks

Book amount of the insurance contract group at the end of each reporting period is the sum of the remaining insurance liabilities and claim liabilities incurred.

In addition to the general model, it also provides:
A. Specific applicable method with direct participation of featured contracts (variable fee method)
B. Simplified method of short-term contracts (premium sharing method)

After the standard was issued in May 2017, another amendment was issued in June 2020. This amendment will extend the effective date by 2 years except in the transition clause (that is, it was postponed from January 1, 2021 to January 2023) and provided additional exemptions. It simplifies some regulations to reduce the cost of adopting this standard, and amends some regulations to make some situations easier to explain. The effectiveness of this standard will replace the transitional standard (that is, International Financial Reporting Standard No. 4 "Insurance Contracts")

(3) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

This is amendment to classification of liabilities from section 69 to section 76 of IAS 1“Expression of Financial Statement” as current or noncurrent.

(4) Amendments to the limited scope of International Financial Reporting Standards, including amendments to International Financial Reporting Standards No. 3, International Accounting Standards No. 16, and International Accounting Standards No. 37, as well as annual improvements

A. Update the index of the conceptual framework (amendment to International Financial Reporting Standards No. 3)

This amendment replaces the old index version on the conceptual framework of financial reporting and updates IFRS No. 3 with the latest version of the index published in March 2018. An exception to the recognition principle has been added to avoid possible "Day 2" gains or losses due to liabilities and contingent liabilities. In addition, clarify existing guidelines for contingent assets that are not affected by the replacement structure index.

B. Real estate, plant and equipment: income before intended use (amendment to International Accounting Standard No. 16)

This amendment is to prohibit the company from deducting the sale amount from the cost of real property, plant and equipment related to the items generated when the company prepares assets for its intended use. On the contrary, the company recognizes such sales revenue and related costs in profit and loss.

C. Loss-making contracts-the cost of contract fulfillment (amendment to International Accounting Standard No. 37)

This amendment clarifies the cost that should be included in the company's assessment of whether the contract is loss-making.

D. Improvements to International Financial Reporting Standards from 2018 to 2020

Amendment to International Financial Reporting Standards No. 1

This amendment simplifies the measurement of cumulative conversion adjustments for applying IFRS No. 1 when the subsidiary becomes the first applicable one after the parent company.

Amendment to International Financial Reporting Standards No. 9 "Financial Instruments"

This amendment clarifies the expenses involved when the company evaluates whether the new contract terms or modified terms of financial liabilities are significantly different from the original financial liabilities.

Amendment to the Interpretation of IFRS No. 16 "Leasing"
This amends the lease incentives related to the improvement of the lessee's rights in Example 13.

Amendment to International Accounting Standards No. 41

This amendment removes the provision that cash flow is not included in tax when measuring fair value, so that the fair value measurement provisions of International Accounting Standard No. 41 are consistent with the relevant provisions of other international financial reporting standards.

(5) Disclosure initiative-Accounting policy (amendment to International Accounting Standard No. 1)

This amendment is to improve the disclosure of accounting policies to provide investors and other major users of financial statements with more useful information.

(6) The definition of accounting estimates (amendment to International Accounting Standards No. 8)

This amendment directly defines accounting estimates and makes other amendments to Accounting Standards No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to help companies distinguish between changes in accounting policies and changes in accounting estimates.

The standards or interpretation above are issued by IASB but not endorsed by FSC. The actual effective date shall be governed by FSC. Except for potential effects of the newly issued or revised standards (1), (3)~(6) now in evaluation of the Group which the impacts cannot be reasonably estimated temporarily, all remaining standards or interpretations newly issued or revised are without material impact to the Company.

IV. Summary Statement of Major Accounting Policies

1. Compliance declaration

Consolidated Financial Statements of 2020 and 2019 of the Group are prepared in accordance with Security Issuer Financial Reporting Standards and effective IFRS, IAS, and IFRIC issued and approved by FSC.

2. Preparation basis

Financial Instruments in the Consolidated Financial Statements, as measured by fair value, are prepared at historical cost. Consolidated Financial Statements are in the unit of NT$ 1,000, unless otherwise noted.

3. Consolidation condition

Preparation principles of consolidated financial statements

Control is achieved when the Group is exposed to changes in remuneration or rights to enjoy such changes in remuneration arising from the participation of the investee, and through its power over the investee to influence such remuneration. In particular, the Group only controls the investee if it has the following three control elements:

(1) the power over the investee (i.e., existing right to give the current ability to lead relevant activities)
(2) the risk or right of change of remuneration arising from the participation of the investee, and
(3) the ability to use its power over the investee to influence the amount of the investor's remuneration

Where the Group directly or indirectly holds the voting rights less than a majority of the investee or similar rights, the Group shall consider all relevant facts and circumstances to assess whether it has power over the investee, including:

(1) contractual agreements with other holders of voting rights of the investee
(2) rights arising from other contractual agreements
(3) voting rights and potential voting rights

When the facts and circumstances show that one or more of the three control elements have changed, the Group shall re-evaluate whether it still controls the investee.

The subsidiaries shall be incorporated into the consolidated financial statements from the date of acquisition (i.e., the date on which the Group gains control), until the date on which the Group loses control of the subsidiaries. The accounting period and policies of the subsidiary's financial statements shall be consistent with those of the parent company. All intra-group account balances, transactions, unrealized internal gains or losses and dividends due to intra-group transactions shall be eliminated in full.

The change of stock equity in subsidiary shall be treated as the equity matter if the control of the subsidiary is not lost.

The aggregate profit and loss of subsidiary is attributable to the owner of the Group and non-controlling equity, even if the non-controlling equity results in loss balance.

If the Group loses control of its subsidiaries, it shall

(1) derecognize the assets (including the goodwill) and liabilities of the subsidiaries;
(2) derecognize the book amount of any non-controlling equity;
(3) recognize the fair value of the consideration obtained;
(4) recognize the fair value of any investment retained;
(5) recognize any benefit or loss as the current profit or loss;
(6) reclassify the number of items previously recognized as other comprehensive profits and losses of the parent company to the current profits and losses.

The main body for preparing the consolidated financial statements is as follows:

	Percentage of equity held

RITEK CORPORATION and Subsidiaries
Notes to Consolidated Financial Statements
(Unless otherwise stated, the amount unit shall be in NTD 1,000)

Investment company name	Subsidiary name	Primary business	2020.12.31	2019.12.31
RITEK and subsidiary	Ritdisplay Corporation	OLED manufacturing and trading	55.30 (Note1)	59.05
RITEK and subsidiary	U-tech Technology Co., Ltd.	CD manufacturing and selling	33.66	33.66
RITEK and subsidiary	PlexBio, Co., Ltd.	Plastic precision injection	96.50	96.50
RITEK	Chung-Fu Investments Ltd.	General investment business	100.00	100.00
RITEK	Chung-Yuan Venture Capital Fund Ltd.	Venture capital investment business	100.00	100.00
RITEK and subsidiary	AimCore Technology Co., Ltd.	Conductive glass manufacturing and trading	24.78	24.78
RITEK and subsidiary	PVNEXT Corporation	Battery manufacturing and trading	61.31	61.31
RITEK	RiteDia Co., Ltd.	Lighting equipment manufacturing	100.00	100.00
RITEK and U-tech Technology Co., Ltd.	Ricare Corporation	Management consulting	50.00 (Note 2) (Note 3)	100.00
RITEK	Sheng Yuan Biotechnology Co., Ltd. (Original name: Holi Energy Corporation)	Energy technology	100.00	100.00
RITEK	ART Management Ltd	Holding company	100.00	100.00
RITEK	Affluence International Co., Ltd (B.V.I)	Holding company	100.00	100.00
RITEK	Max Online Ltd.(B.V.I)	Holding company	100.00	100.00
RITEK	Ritek Group Inc. (Cayman)	Holding company	100.00	100.00
RITEK and PlexBio	Score High Group Ltd. (B.V.I)	Holding company	100.00	100.00
RITEK and subsidiary	Ritrax Corp. Ltd.(U.K.)	Trademark right company	100.00	100.00
RITEK	Sky Chance International Ltd.	Holding company	100.00	100.00
Sky Chance	Team Diy Hardware Sdn. BHD	Hardware trading	- (Note 4)	51.00
Sky Chance	Ritek Latin America	Sales of chemical materials	100.00	100.00

Investment company name	Subsidiary name	Primary business	Percentage of equity held 2020.12.31	Percentage of equity held 2019.12.31
U-Tech	Dollars cultural and creative industry company	Cultural and creative industry	100.00	100.00
U-Tech	Jade Investment Services Ltd.	Holding company	100.00	100.00
U-Tech	Havard Industries Co., Ltd.	Property development and trading	100.00	100.00
U-Tech and AimCore	HouJu Energy Development Co., Ltd.	Renewable energy self-use power generation equipment industry	100.00	100.00
HouJu	Hou Cheng Trading Co., Ltd.	Renewable energy self-use power generation equipment industry	100.00	100.00
RITEK and subsidiary	Ritfast Corporation	Renewable energy self-use power generation equipment industry	99.17 (Note 5)	98.85
Jade	Glory Days Services Ltd.	Holding company	100.00	100.00
Glory Days	U-Tech Media Korea Co., Ltd.	CD manufacturing and selling	100.00	100.00
PlexBio	Arlewood International Corporation	Holding company	100.00	100.00
Arlewood	Kunshan Protek Co. Ltd.	Plastic precision injection	100.00	100.00
Arlewood	Prorit Corporation Vietnam Ltd.	Electronics industry	100.00	100.00
AimCore	ARMOR INVESTMENT GROUP CORP.	Holding company	100.00	100.00
AimCore	Finesil Technology Co., Ltd.	Manufacturing and sales of chemical materials	71.13	71.13
AimCore	AimEC Corporation	Conductive glass	80.00 (Note 6)	100.00
AimCore	JHEN JHUAN CO., LTD.	optical materials	31.58 (Note 7)	-
ARMOR	AimCore Technology(Yangzhou) Co., Ltd.	Conductive glass	100.00	100.00
JHEN JHUAN	Yi Zih Corporation	Electronic materials	100.00 (Note 7)	-
ART	Advanced Media Inc.	CD selling	100.00	100.00

Investment company name	Subsidiary name	Primary business	Percentage of equity held 2020.12.31	Percentage of equity held 2019.12.31
Max Online and Score High	Kunshan Hutek Co., Ltd.	CD manufacturing and selling	100.00	100.00
Max Online and PVNEXT Corporation	Ritpower (yangzhou) Co., Ltd	Solar module manufacturing	80.27	80.27
Hutek	Kunshan Ritek Trading Company., Ltd.	CD selling	100.00	100.00
RGI	Conrexx Technology B.V.	CD selling	100.00	100.00
RGI	RME Manufacturing Gmbh.	CD manufacturing and saleing	100.00	100.00
Score High	Ritek Vietnam Co., Ltd.	CD manufacturing and saleing	100.00	100.00
Ritdisplay Corporation	Hsin Bao Assets Co.	Leasing business	78.74 (Note 8)	100.00
Ritdisplay Corporation	CASHIDO Technology Co., Ltd.	Manufacturing and sales of micro bubble systems	78.66	78.66
RITEK	Ritwin Corporation	Electronic Parts and Components Manufacturing	70.00	70.00

Note 1: RITEK, PlexBio and AimCore sold a total of 3,092,000 Ritdisplay shares held by them in 2020, which together reduced the Group's shareholding in Ritdisplay by 4.62%. In addition, Ritdisplay increased the issuance of 2,000 shares due to the conversion of convertible corporate bond holders on October 27, 2020, and bought back 1,000,000 treasury shares on December 24, 2020. As a result, the number of outstanding shares decreased and the shareholding ratio of the Group increased by 0.87%.

Note 2: RITEK sold a total of 4,000,000 shares of Ricare held by RITEK in 2020, reducing the Group's holding ratio of Ricare by 30.77%. In addition, Ricare increased its capital and issued new shares on January 13, 2020. The Group did not subscribe, which further reduced its shareholding in Ricare by 19.23%.

Note 3: As of April 2020, since the Group does not hold more than half of Ricare’s directorships, it has lost substantial control over it. For relevant information, please refer to Note VI.9.

Note 4: Sky Chance sold all the shares of Team Diy Hardware Sdn. BHD. in 2020 and therefore lost substantial control over it.

Note 5: HouJu Energy Development Co., Ltd. purchased 11,000 and 12,000 shares of

Ritfast Corporation on March 30 and November 25, 2020, increasing its shareholding ratio to 98.94%. In addition, Ritfast Corporation issued a capital increase of 7,000,000 new shares by the board of directors acting on behalf of the shareholders meeting on July 17, 2020. HouJu Energy Development Co., Ltd. partially subscribed, and the shareholding ratio rose to 99.17% after the subscription.

Note 6: AimCore sold 800,000 shares of AimEC in March 2020, and its shareholding dropped to 80%.

Note 7: AimCore participated in the cash capital increase of JHEN JHUAN CO., LTD. (hereinafter referred to as JHEN JHUAN) and the acquisition of JHEN JHUAN equity in April 2020, and acquired 3,000,000shares in total, with a shareholding ratio of 31.58%. JHEN JHUAN held an extraordinary shareholders meeting and re-elected directors and supervisors in the same month. The company obtained more than half of the board seats and has since gained control over JHEN JHUAN.

Note 8: Ritdisplay Corporation did not participate in the cash capital increase of Hsin Pao Asset Company in December 2020, and its shareholding ratio dropped to 78.74%.

The Group determines that it has control over U-Tech, AimCore and JHEN JHUAN CO., LTD. even though it holds less than 50% voting right. Since the date of investment to U-Tech, AimCore and JHEN JHUAN CO., LTD., the Group has been the single largest shareholder in U-Tech, AimCore and JHEN JHUAN CO., LTD., and the remaining equity in U-Tech and AimCore is widely held by many other shareholders. In the absence of contractual rights, the Group may obtain the power of attorney of majority right to vote, and may appoint the key managers of U-Tech, AimCore and capable of leading relevant activities.

4. Foreign currency transaction

Consolidated financial statements of the Group are expressed in the Company’s functional currency NT$. Each system within the Group determines its own functional currency and measures its financial statements in that functional currency.

Individual transactions in foreign currencies in the Group are converted into the functional currency at the exchange rate of the trading day. In every end day of the reporting period, the foreign currency monetary items are converted by the closing exchange rate of that day; if measuring the foreign currency non-monetary items at the fair value, it shall be converted at the exchange rate of that day measured by the fair value; if measuring the foreign currency non-monetary items at the historical cost, it shall be converted at the exchange rate of original trading day.

Except as described below, the exchange difference arising from the delivery or conversion of monetary items shall be recognized as the profit or loss in the current period:

(1) For the borrowing in foreign currencies incurred to acquire the required assets, if the exchange difference incurred for the borrowing is deemed as the adjustment of interest cost, it shall be part of the Borrowing Cost and capitalized as the asset cost.

(2) The foreign currency item applicable to IFRS 9 "Financial Instruments" shall be treated according to the accounting policy of Financial Instruments.

(3) For the monetary item as part of the net investment in foreign operating institutes by the reporting entity, the exchange difference generated is initially recognized as other comprehensive profit or loss, and when disposing the net investment, it shall be reclassified from the equity to the profit or loss.

When the profit or loss of non-monetary item is recognized as other comprehensive profit or loss, any exchange component of such profit or loss shall be recognized as other comprehensive profit or loss. When the profit or loss of non-monetary item is recognized as the profit or loss, any exchange component of such profit or loss shall be recognized as the profit or loss.

5. Conversion of financial statements in foreign currency

When preparing the consolidated financial statements, the assets and liabilities of every foreign operating institute shall be converted into NT$ at the closing exchange rate of the balance sheet day, and the income and fee loss item shall be converted at the current average exchange rate. The exchange difference due to the conversion shall be recognized as other comprehensive profit or loss, and when disposing the foreign operating institute, those previously recognized as other comprehensive profit or loss shall be accumulated in the equity to form the separate part of the accumulated exchange difference; in the case of the recognition and disposal of the profit or loss, it shall be reclassified from the equity to the profit or loss. When involving in the partial disposal including the loss of control of the subsidiary of the foreign operating institute, and after the partial disposal including the affiliated enterprises or joint arrangements' equity of the foreign operating institute, if the reserved equity are the financial assets of the foreign operating institute, the disposal shall also apply.

If the partial disposal is handled without loss of control including the subsidiaries of foreign operating institute, the accumulated exchange difference recognized in other comprehensive profit or loss shall be recognized to the non-controlling equity of the foreign operating institute in proportion, and shall not be recognized as the profit or loss; under the circumstances that no significant influence is lost or under the joint control, when the partial disposition includes the affiliated enterprises or joint arrangements of the foreign operating institute, the accumulated exchange difference shall be reclassified to the profit or loss in proportion.

When the Group acquires the goodwill from purchasing the foreign operating institute and make adjustment to the fair value of the book amount of its assets and liabilities, it shall be deemed as the assets and liabilities of the foreign operating institute, and shall be reported in its functional currency.

6. Classification criteria for assets and liabilities distinguishing the current and non-current

In any condition below, it shall be classified as the current asset; if not the current asset, it shall be classified as the non-current asset:

(1) The asset is expected to be realized in its normal business cycle, or it is intended to be sold or consumed.
(2) To hold the asset primarily for trading purposes.
(3) The asset is expected to be realized within 12 months after the reporting period.
(4) Cash or equivalent cash, except where there are restrictions on the exchange of such assets or the use of them for the settlement of liabilities at least 12 months after the reporting period.

In any condition below, it shall be classified as the current liability; if not the current liability, it shall be classified as the non-current liability:

(1) It is expected to pay off the liability in its normal business cycle.
(2) To hold the liability primarily for trading purposes.
(3) It is expected to repay the liability within 12 months after the reporting period.
(4) The repayment period of the liability cannot be extended unconditionally to at least 12 months after the reporting period. The liability clause, which may lead to the issuance of equity instrument at the option of the counterparty, does not affect the classification.

7. Cash and cash equivalent

The cash and cash equivalent are the stock cash, current deposit, and fixed deposit or investment that can be converted into fixed cash at any time, with little risk of value change, in short term, and with highly liquidity (including the fixed deposit within 12 months during the contract period).

8. Financial instruments

The financial assets and financial liabilities shall be recognized when the Group becomes one party of the financial instrument contract.

The financial assets and financial liabilities conforming to the applicable scope of IFRS 9 "Financial Instruments", shall be measured at the fair value in the original recognition; if directly belonging to the financial assets and financial liabilities (except for classified as the financial assets and financial liabilities measured at fair value through profit or loss) acquired or issued transaction cost, it shall be added or deducted from the fair value of financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

The recognition and derecognition of all conventionally traded financial assets of the Group shall adopt the accounting treatment on the trading day.

Based on the following two items, the Group classifies the financial assets into the financial assets measured at the subsequent amortized cost, and the financial assets measured at the fair value through other comprehensive profit or loss or at the fair value through profit or loss:

A. Business model managing the financial assets
B. Cash flow characteristics of financial asset contracts

<u>Financial assets measured at amortized cost</u>

Financial assets conforming to the following two conditions are measured at the amortized cost and are listed on the balance sheet in the items such as the bill receivable, account receivable, financial assets measured at amortized cost and other receivables:

A. Business model managing the financial assets: holding the financial assets to collect the contract cash flow
B. Cash flow characteristics of financial asset contracts: the cash flow is entirely for the payment of principal and interest on the outstanding principal amount

Such financial assets (not including those involving the hedging relationship) are measured at subsequent amortized cost [measuring the amount in the original recognition, deducting the repaid principal, adding or reducing the cumulative amortization of difference between the original amount and the amount due (using the effective interest method), and adjusting the allowance for damage]. In addition to the column, through the amortization process or when recognizing the impairment profit or loss, the profit or loss shall be recognized in the profit or loss.

Interest shall be calculated by the effective interest method (multiplying the effective interest rate by the total book amount of financial assets) or in the following cases, and then it shall be recognized as the profit or loss:

A. For financial assets of acquired or created credit impairment, multiplying the effective interest rate of credit after adjustment by the amortized cost of financial assets
B. If not the former, but becoming the credit impairment later, multiplying the effective interest rate by the amortized cost of financial assets

<u>Financial assets measured at fair value through other comprehensive profit or</u>

loss

Financial assets conforming to the following two conditions are measured at the fair value through other comprehensive profit or loss, and are listed on the balance sheet in the financial assets measured at fair value through other comprehensive profit or loss:

A. Business model managing the financial assets: collecting the contract cash flow and selling the financial assets
B. Cash flow characteristics of financial asset contracts: the cash flow is entirely for the payment of principal and interest on the outstanding principal amount

Such financial assets related profit or loss recognition are described as below:

A. Before listing or reclassification, except for the impairment profit or loss and foreign currency exchange profit or loss recognized in the profit or loss, the rest profit or loss shall be recognized as other comprehensive profit or loss
B. In the case of exception, the accumulated profit or loss previously recognized in other comprehensive profit or loss shall be reclassified and adjusted from the equity to the profit or loss
C. Interests calculated by the effective interest method (multiplying the effective interest rate by the total book amount of financial assets) or in the following cases, shall be recognized as the profit or loss:

  (a) For financial assets of acquired or created credit impairment, multiplying the effective interest rate of credit after adjustment by the amortized cost of financial assets
  (b) If not the former, but becoming the credit impairment, multiplying the effective interest rate by the amortized cost of financial assets

Furthermore, for the equity instrument within the scope of IFRS 9 and being neither held for transaction nor used with the recognition or consideration by the purchaser in IFRS 3 Business Combinations, at the time of the original recognition, it selects (irrevocably) to list the changes of its subsequent fair value in other comprehensive profit or loss. The amount listed in other comprehensive profit or loss shall not be transferred to the profit or loss (when the equity instruments are disposed, the accumulated amount of other equity items will be included and directly transferred to the retained surplus); in addition, the financial assets measured at fair value through other comprehensive profit or loss are listed in the balance sheet. Investment dividends are recognized in the profit or loss, unless the dividends clearly represent the recovery of partial investment costs.

Financial assets measured at fair value through profit or loss

Except for above conforming to specific conditions and measured at amortized cost or at fair value through other comprehensive profit or loss, the rest financial assets are measured at fair value through profit or loss, and are list on the balance sheet in the financial assets at fair value through profit or loss.

Such financial assets shall be measured at fair value, and the profit or loss generated by remeasurement shall be recognized as the profit or loss. Such recognition as the profit or loss shall include any dividends or interest received by such financial assets.

(2) Impairment of financial assets

The Group measures the investment in debt instrument at fair value through other comprehensive profit or loss, and the financial assets at amortized cost, to recognize by the expected credit loss and measure the allowance for loss. The debt instrument investment measured at fair value through other comprehensive profit or loss is to recognize the allowance for loss in other comprehensive profit or loss and bot reduce the investment book amount.

The Group measures the expected credit losses in the following ways:

A. Unbiased and probability-weighted amounts determined by evaluating the possible outcomes
B. Time value of money
C. Reasonable and verifiable information relating to past events, current situation and forecast of future economic conditions (available on balance

sheet date without excessive cost or input)

The method to measure the loss allowance is described as follows:

A. Measured at 12 months forecast credit losses: including the financial assets of credit risk not significantly increased from the original recognition, or determined as the low credit risk in the balance sheet day. In addition, also including the allowance for loss measured at the expected credit loss of the duration of the previous reporting period, but no longer meet the requirement after the balance sheet day for the significant increase of credit risk after the original recognition.
B. Measurement of the amount of expected credit loss during the term of existence: including the financial assets, whose credit risk has increased significantly since the original recognition, or the financial assets of acquired or created credit impairment.
C. For the account receivable or contract assets generated by the exchange within the scope of IFRS 15, the Group adopts the amount of expected credit losses during the duration of the existence period to measure the allowance for losses.
D. For lease receivable derived from transactions within the scope of IFRS 16 (IAS 17 before January 1, 2019), the Group measures loss allowances based on lifetime expected credit loss

On each balance sheet day, the Group shall compare the default risk changes of financial instruments on the balance sheet day with the original recognition day, to assess whether the credit risk of financial instruments has increased significantly after the original recognition. In addition, the information related to credit risk shall refer to Note XII.

(3) Derecognition of financial assets

The financial assets held by the Group shall be derecognized if:

A. The equity from the cash flow contract of financial assets terminates.
B. Financial assets have been transferred and almost all the risks and rewards of the asset ownership have been transferred to others.
C. The assets have neither transferred nor retained almost all the risks and

rewards of the ownership, but the control of the assets has transferred.

When financial assets are derecognized as a whole, the difference between the book amount and the total accumulated profit or loss that has been collected or may be collected and recognized in other comprehensive profit or loss shall be recognized as the profit or loss.

(4) Financial liability and equity instrument

Classification of liability or equity

The liabilities and equity instruments issued by the Group are classified as the financial liability or equity according to the substance of the contract and the definition of financial liabilities and equity instruments.

Equity instrument

The equity instrument means any contract in recognition of the Group’s remaining equity after all liabilities have been deducted from the assets of the Group.

Compound tool

The Group recognizes the financial liabilities and equity constituent element according to the contractual terms of the convertible corporate bonds issued. Moreover, for the converted corporate bonds issued, it is evaluated whether the economic characteristics and risks of the embedded buying and selling rights are closely related to the main debt product before distinguishing the equity elements.

The market interest rate assessment of the liability that does not involve derivative instruments, its fair value is equivalent in nature and does not have conversion characteristics. Before conversion or redemption and settlement, this part of the amount is classified as financial liabilities measured at amortized cost; regarding other embedded derivatives that are not closely related to the risks of the economic characteristics of the main contract (i.e. the execution price of the embedded buy-back and redemption rights cannot be almost equal to the amortized cost of the debt goods on each execution day), except for the equity components, they are classified as liability components and measured at fair value through profit or loss in subsequent periods. The amount of the equity element is determined based on the fair value of the converted corporate bond minus the liability part, and its carrying amount will not be re-measured in subsequent accounting periods. If the converted corporate bonds issued do not have equity elements, they should be processed in accordance with the IFRS 9 Hybrid Instrument.

Transaction cost is allocated to the liability and equity components in accordance with the proportion of the originally recognized convertible corporate bonds allocated to the liabilities and equity components.

When the holder of the converted corporate bond requests to exercise the right of conversion before the expiry of the converted corporate bond, the book value of the liability component elements is firstly adjusted to the book value that should be at the time of the conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as the financial liabilities measured at fair value through profit or loss or the financial liabilities measured at amortized cost at the time of original recognition.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit and loss, include the financial liabilities held for trading and specified financial liabilities measured at fair value through profit and loss.

When one of the following conditions is met, it is classified as held for trading:

A. The main purpose for acquisition is to sell in the short term;
B. At the time of the original recognition, it belongs to part of the identifiable portfolio of financial instruments under the consolidation management, and there is evidence that the portfolio is the short-term profit-taking pattern; or
C. It is the derivative instrument (other than the financial guarantee contract or derivative instrument designated and with effective hedge instrument).

For containing one or more embedded derivative contracts, the integral mixed (combined) contract can be specified as the financial liabilities measured at fair value by profit or loss; when more relevant information can be provided by conforming to one of the following factors, it is specified as measured at fair value through profit or loss in the original recognition:

A. The designation may be eliminated or substantially reduced in measurement or recognized inconsistently; or
B. A set of financial assets, financial liabilities or both, are managed and evaluated on the fair value basis, in accordance with the written risk management or investment strategy, and the information on the investment portfolio is provided to the management of the incorporated company, also on the fair value basis.

The profit or loss arising from the remeasurement of such financial liability shall be recognized as the profit or loss, which includes any interest paid on the financial liability.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include the payables and loans, which are recognized initially and then measured by the effective interest rate method. When the financial liabilities are derecognized and amortized through the effective interest rate method, the relevant profit and loss and amortization are recognized as the profit or loss.

The calculation of amortized costs takes into account the discount or premium obtained and transaction cost.

Derecognition of financial liabilities

When the obligation of financial liabilities is relieved, cancelled or invalid, it shall derecognize the financial liabilities.

When the Group and creditors exchange the debt instrument in the significant difference terms, or change all or part of the existing financial liabilities terms and conditions (whether due to financial difficulties or not), to derecognize the original liability and recognize new liability, the difference between the book amount and the paid or payable total price (including the transfer of non-cash assets or assumption of liabilities) shall be recognized in the profit or loss.

(5) Offset of financial asset and liability

Financial assets and financial liabilities shall be set off against each other and shown on the balance sheet in a net amount only if the recognized amount is currently in the exercise of the legal right of set-off and the intention to deliver the assets on the net amount basis or realize the assets and liquidate the liabilities at the same time.

9. Derivative instruments

The derivative instruments held or issued by the Group are for the purpose of avoiding the exchange rate risks and interest rate risks, and those designated and effectively hedged are reported on the balance sheet as the hedged derivative assets or liabilities; the others not specified and effectively hedged are listed in the financial assets or financial liabilities measured at fair value through profit or loss.

The original recognition of derivative instrument is measured at the fair value on the date of signing the derivative contract, and measured at the fair value later. When the derivative instrument's fair value is positive, it is the financial asset; when the derivative instrument's fair value is negative, it is the financial liability. Fair value change of derivative instrument shall be directly recognized as the profit or loss, unless it involves the cash flow hedging or net investment hedging of foreign operating institutes, which is the effective part, it is recognized under the equity.

When the host contract is for non-financial asset or liability and the derivative instruments embedded in the host contract is not closely connected with host contract in term of its economic features and risks and the host contract is not measured at fair value through profit and loss, such embedded instrument shall be deemed as independent derivative instrument.

10. Fair value measurement

Fair value refers to the price that the market participants can charge for the sale of an asset in an orderly transaction or pay for the transfer of a liability on the measurement day. Fair value measurement assumes that the sale of an asset or the transfer of a liability occurs in one of the following markets:

(1) the principal market for the asset or liability, or
(2) where there is no principal market, in which the asset or liability market is most favourable

The principal or most advantageous market must be available for the Group to enter and trade.

The fair value measurement of assets or liabilities uses the assumption when the market participants price the assets or liabilities, which is made based on the economic best interests.

Non-financial assets fair value measurement considers the ability of market participant to generate the economic benefit by using the asset for its maximum and best use or by selling the asset to another market participant for its maximum and best use.

The Group uses the evaluation technique appropriate to relevant situation and with sufficient data available to measure the fair value, and maximizes the use of observable input values and minimizes the use of unobservable input values.

11. Inventory

Inventory is evaluated by the method of lower cost versus net realized value, item by item.

Cost refers to the cost incurred to make the inventory available for sale or production and in place:

Raw materials	— Adopting the weighted average method based on actual purchase cost
Finished goods and goods in process	— Including the direct raw materials, labour costs and fixed factory overhead at normal capacity, but excluding the Borrowing Cost.

Net realized value is the balance of the estimated selling price deducting the required cost of completion and sales expenses under normal circumstances.

12. Investment by equity method

The Group’s investment in affiliated enterprises shall be treated by the equity method, except for assets for sale. Affiliated enterprises refer to those who are greatly influenced by the Company. Joint ventures refer to the Group has the right to the net assets of the joint arrangements (with joint control).

Under the equity method, the investment in affiliated enterprises or joint ventures listed in the balance sheet, is made in the cost basis plus the amount recognized depending on the shareholding ratio of the Group to the net equity change of affiliated enterprise or joint venture. The book amount of investment to affiliate enterprises or joint ventures and other related long-term equity shall recognize the extra loss and liability after adopting the equity method to reduce to zero, within the scope of legal obligation and constructive obligation or payment for associated enterprises. Where the Group generates the unrealized profit or loss in the transactions with affiliate enterprises or joint ventures, it shall be written off in proportion to its equity in the affiliate enterprises or joint ventures.

When the change in the equity of affiliated enterprise or joint venture is not caused by the profit or loss or other comprehensive profit or loss items and does not affect the Group's shareholding ratio, the Group shall recognize the change in relevant ownership according to the shareholding ratio. Therefore, when handling the capital reserve recognized of the affiliated enterprise or joint venture in the future, it shall be transferred to the profit or loss according to the disposal ratio.

Where the Group does not subscribe for additional shares in the affiliated enterprise or joint venture in accordance with its shareholding ratio, resulting in the change in the investment ratio, and thus the increase or decrease in the Group's net assets held by the affiliated enterprise or joint venture, the increase or decrease shall be adjusted by the "capital reserve" and "investment by equity method". When the investment ratio changes decreasingly, related items previously recognized in other comprehensive profit or loss shall be reclassified to the profit or loss or other appropriate items according to the decrease ratio. When the aforesaid capital reserves are placed in the subsequent disposal of affiliated enterprises or joint ventures, it shall be transferred to the profit or loss according to the disposal ratio.

The financial statements of the affiliated enterprise or joint venture are prepared during the same reporting period as the Group, and are adjusted to align their accounting policies with those of the Group.

The Group shall, at the end of each reporting period, confirm whether there is objective evidence of impairment from the investment to affiliated enterprises or joint ventures pursuant to IAS 28 "Investments in Associates and Joint Ventures" (before January 1, 2018, IAS 39). If there is objective evidence of impairment, the Group shall calculate the amount of impairment based on the difference between the recoverable amount and the book amount of the affiliated enterprise or joint venture in accordance with IAS 36 "Asset Impairment", and recognize the amount in the profit or loss of the affiliated enterprise or joint venture. If the investment use value is adopted for the aforementioned recoverable amount, the Group shall determine relevant use value based on the following estimation:

(1) the present value share of estimated future cash flow generated by the Group 's affiliated enterprises or joint ventures, including the cash flow generated by the operation of the affiliated enterprises or joint ventures and the final disposal income of the investment; or
(2) the expected received dividends from the investment and the present value of the estimated future cash flows generated from the final disposal of the investment.

The goodwill item of book amount, which constitutes the investment in affiliated enterprise or joint venture, is not separately recognized, so it is not necessary to apply IAS 36 "Asset Impairment" for goodwill impairment test.

In case of loss of significant impact on affiliated enterprises or joint control to joint ventures, the Group shall measure and recognize the retained investment part at fair value. In the event of the loss of significant influence or joint control, the difference between the book amount of the affiliated enterprise or joint venture and the disposal price added to the fair value of the retained investment shall be deemed as the profit and loss. In addition, when the investment of affiliated enterprise becomes the investment of joint venture, or the investment of joint venture becomes the investment of affiliated enterprise, the Group shall continue to apply the equity method without remeasuring the retained equity.

13. Property, plant and equipment

Property, plant and equipment are recognized based on the acquisition cost, and listed after deducting the accumulative depreciation and accumulative impairment; these costs include the property, plant and equipment disassembly, removal, and recovery cost in the location and the interest necessary to indemnify for the construction in process. If the constitution of property, plant and equipment is significant, it shall separately list the depreciation. When the main items of property, plant and equipment shall be reset on the regular basis, the Group shall deem the item as individual asset and recognize in accordance with the specific durable years and depreciation method respectively. The book amount of the reset part shall be derecognized according to IAS 16 "Property, plant and equipment". If the major maintenance costs meet the recognition conditions, it shall be deemed as the replacement costs and shall be recognized as part of the plant and equipment book amount, and other repair and maintenance expenses shall be recognized as the profit or loss.

Depreciation is calculated on the straight-line basis according to the estimated durable years of the following assets:

Buildings and structures	3~55 years (main structure of the building of 46 years, decoration of 10~15 years)
Machinery equipment	1～21 years
Miscellaneous equipment	1～21 years
Right-of-use asset	2～50 years

After the property, plant and equipment item or any important component is originally recognized, if it is disposed of or there is no economic benefit inflow due to the use or disposal in the future, it shall be derecognized and the profit or loss shall be recognized.

The residual value, durable years and depreciation method of the property, plant and equipment are evaluated at the end of each financial year. If the expected value is different from the previous estimate, the change is regarded as the change of accounting estimate.

14. Investment property

Accounting treatments after January 1, 2019 are as below:

The Group owned investment property is measured at original cost, including transaction costs of acquiring such property. The carrying amount of investment property includes the costs contributed for repair or addition to current investment property, except for general maintenance expenses. After initial recognition, except for properties as satisfactory to the conditions of assets held for sale (or included in the disposition group held for sale) classified in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the investment properties are measured at costs. According to the handling of such model in IAS 16 "Property, Plant and Equipment", if it is held by the lessee as right-of-use property and not held for sale as stipulated in IFRS 5, the IFRS 16 shall be adopted.

Depreciation is calculated on the straight-line basis according to the estimated durable years of the following assets:

Buildings	10~46 years (main structure of the building of 46 years, decoration of 14~20 years)

In case of disposal or permanent disuse of investment property and not expected to generate the future economic benefits from disposal, it shall be derecognized and the profit or loss shall be recognized.

The Group shall transfer in or transfer out the investment property according to the actual use of the assets.

When the property conforms to or no longer conforms to the definition of investment property and there is evidence to show the change of use, the Group will transfer into the property as the investment property or transfer out from investment property.

Accounting treatments after January 1, 2019 are as below:

The Group owned investment property is measured at original cost, including transaction costs of acquiring such property. The carrying amount of investment property includes the costs contributed for repair or addition to current investment property, except for general maintenance expenses. After initial recognition, the investment properties were measured at costs and followed regulations of IAS 16 "Property, Plant and Equipment", except for properties as satisfactory to the conditions of assets held for sale (or included in the disposition group held for sale) classified in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Depreciation is calculated on the straight-line basis according to the estimated durable years of the following assets:

Buildings	14~46 years (main structure of the building of 46 years, decoration of 14~20 years)

The investment property is derecognized upon disposal or no longer available for use and no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss is recognized in profit or loss.

The Group determines to transfer in or transfer out investment property depending on physical purpose of assets.

When the property satisfies or is no longer satisfactory to the definition of investment property and is evidenced for change of purpose, the Group reclassified it as investment property or transfer it from investment property.

15. Lease

The Group determines whether the contract is a lease (or including lease). In the event that a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is (or includes) a lease. In order to assess whether the contract transfers control over the use of the identified asset for a period of time, the Group assesses whether it has both of the following conditions during the entire period of use:

(1) Acquire almost all rights of economic benefits from identified assets; and
(2) Control the rights of use for identified assets

For a contract is (or contains) a lease, the Group accounts for each lease components as a single lease and separates them from non-lease components. For a contract that contains a lease component and non-lease component, the Group allocates the consideration of contract to lease components on the basis of single price corresponding to each lease component and sum of single price for non-lease components. The single price corresponding to lease and non-lease components depends on the price collected by the lessor (or similar supplier) to such component (or similar component) respectively. The observable single price is unavailable at all times; the maximized observable information is used to estimate such single price.

The Group as a lessee

Except for short-term or low value asset lease, the Group recognizes right-of-use assets and lease liabilities for all leases.
The Group measures lease liabilities based on the present value of lease payables at the commencement date. If the implied interest rate of lease is easily defined, the lease payment is discounted by such interest rate. If such interest rate is uneasily defined, the lessee's incremental borrowing rate is adopted. The lease payment accrued in lease liabilities, including following payments in related with right-of-use of subject property within the lease period unpaid by the commencement date:

(1) Fixed payment (including physical fixed payment) deducted by any lease incentive collectible;
(2) The variable lease payment depending on certain index or rate (original measurement by using index or rate at the commencement date);
(3) The amount to be paid by the lessee with residual guarantee
(4) The exercise price for purchasing option, if the Group may reasonably assure to exercise such option; and
(5) The fine must be paid for termination of lease, if the lessee will exercise the option for termination of lease during the lease period
Subsequently, lease liabilities are measured at amortized cost. The increased carrying amount of lease liabilities using the effective interest method is to reflect the interest of lease liability; and the lease payment will reduce the carrying amount

of lease liabilities.

Right-of-use assets are measured at cost at the commencement date of the lease. The cost of right-of-use assets comprises
(1) The initial measurement of lease liabilities
(2) The lease payments made at or before the commencement date deducted by any lease incentive collected
(3) Any initial direct costs of the lessee; and
(4) The estimate of costs needed to demolish, remove subject assets and restoration of the site, or restore the underlying assets.
Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss, i.e. cost model is applicable to measure the right-of-use properties.

If the ownership of subject property will be transferred to the Group upon the expiration of lease period, the right-of-property property will be depreciated from the commencement date until the useful lives of subject property is expired when the costs of right-of-use property reflects that the Group will exercise the call option. Otherwise, the Group will depreciate the right-of-use property from the commencement date until the useful lives or lease period of subject property is expired, which one is earlier.
The Group applies IAS 36 “Assets Impairment” to determine whether the right-of-use property has been impaired and manage any identified impairment loss
Except for qualified and selected short-term leases or low value target asset, the Group recognizes right-of-use assets and lease liabilities in balance sheet and recognizes lease relevant depreciation and interest expenses respectively in comprehensive income statement.

For short-term leases or lease of low value target asset, the lease payments of such leases are recognized as expenses over the term of lease.

For the relevant rent concessions that are consistent with the direct result of the COVID-19 pandemic, it chooses not to evaluate whether it is a lease modification, and the rent concessions are treated as a lease payment change, and this practical expedient has been applied to all eligible rent concessions.

<u>The Group as a lessor</u>
The Group divides each lease as operating or financing lease at the commencement date of contract. Leases are classified as financing lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the commencement date, the

Group recognizes all assets held under financing lease and the net of lease investment is presented as financing lease receivable in balance sheet.
For contract comprises lease and non-lease components, the Group allocates the consideration of contract pursuant to IFRS 15.

The Group recognizes lease payment from operating lease as rental income on straight-line or another systematic basis. For variable lease payments that do not depend on an index or a rate are recognized as rental income in the periods in which they are incurred

16. Intangible asset

Intangible assets obtained separately shall be measured at the cost in the original recognition. The cost of intangible assets acquired through Business Combinations is the fair value on purchasing day. After the original recognition, the book amount of intangible assets is the amount of its costs deducting the accumulative amortization and accumulated impairment. The intangible assets not conforming to the recognition conditions and generated internally shall not be capitalized, and shall be recognized to the profit or loss when incurred.

The durable years of intangible assets can be divided into the limited and indefinite durable years.

The intangible assets with limited durable years are amortized within its durable years, and receive the impairment test when there is the sign of impairment. The amortization period and method for intangible assets with limited durable years shall at least be reviewed at the end of each financial year. If its estimated durable years are different from previous estimates, or the expected consumption pattern of economic benefits in the future has changed, the amortization method or amortization period will be adjusted and deemed as the changes in accounting estimates.

The intangible assets with indefinite durable years shall not be amortized, but shall receive the impairment test in every year in accordance with the individual asset or cash generating unit level. The intangible assets with indefinite durable years shall be evaluated in every period that whether there is any event and circumstance to continue to support the durable years of the asset in the indefinite status. If the durable years is changed from indefinite to limited, the application shall be delayed.

The profit or loss caused by the derecognition of intangible asset shall be recognized to the profit or loss.

Trademark right

Trademark right is the right legally acquired and purchased.

Patent right

Patent right is the right legally acquired and purchased.

Concession

Concession right is the right obtained and purchased in accordance with the law.

Others

Others refer to the channel right. The channel right shall be amortized in reasonable and systematic way according to the service life of the sales channel obtained by The Group in Europe, America and Asia.

The accounting policies of intangible assets of the Group are summarized as below:

	Patent right	Franchise	Channel right	Concession
Durable years	5~20 years	7~10 years	14.5 years	6 years
Applied amortization method	Amortizing during the patent right period in the straight-line method	Amortizing during the trademark right period in the straight-line method	Amortizing during the channel right period in the straight-line method	Amortized using the straight-line method during the concession period
Internal generated or externally acquired	Externally acquired	Externally acquired	Externally acquired	Externally acquired

17. Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there are signs of impairment in all assets applicable to IAS 36 "Asset impairment". Where there is evidence of impairment or the impairment test of any asset is required on the annual basis, the Group will conduct the test on the individual asset or on the cash generating unit to which the asset belongs. Impairment losses are recognized if the book amount of the asset or the cash generating unit to which the asset belongs is greater than its recoverable amount. The recoverable amount is the higher one of the net fair value or the use value.

At the end of each reporting period, the Group evaluates the assets other than the goodwill for any sign that previously recognized impairment losses may have disappeared or decreased. If such sign exists, the Group shall estimate the recoverable amount of the asset or cash generating unit. If the recoverable amount is increased by the change of the estimated service potential of the asset, the impairment will be recovered. However, the book amount after the recovery shall not exceed the book amount deducting the depreciation or amortization of the asset in the condition of not recognizing the impairment loss.

The cash generating unit or group to which the goodwill belongs, with or without evidence of impairment, is subject to the annual impairment test. In the event that the impairment loss is to be recognized as the result of the impairment test, the goodwill shall be deducted firstly, and the balance shall be then apportioned in proportion to the book amount to other assets. The impairment of goodwill, once recognized, shall not be reversed for any reason thereafter.

The impairment loss and the number of recovery of continuously operated unit are recognized as the profit and loss.

18. Revenue recognition

Revenues of the Group and from Contracts with Customers are mainly the sales of goods and labor service providing, and the accounting treatments are described below:

<u>Sales of goods</u>

The Group manufactures and sells goods, and recognizes the revenue when transporting the goods to the customer and the customer has its control (namely, the customer leads the use of the goods and acquires almost all of the remaining benefit capacity of the goods); the main products are the optical information service products as CD, organic light emitting diode (OLED) display, conductive glass and green product (solar module/LED/battery related products), and the revenue is recognized based on the contract stated price.

The trading credit period of the Group 's sales of goods is 30 days to 150 days; in most of the contracts, when the goods transfers the control and with the unconditional right in the consideration charge, it shall recognize the account receivable, which usually has no significant financial component during the short term. If a small part of the contract has the right to transfer the commodities to the customer but still does not have the right to receive the consideration unconditionally, the contract assets shall be recognized. The contract assets shall also be subject to IFRS 9 on the amount of expected credit losses during the duration of the contract.

The transfer of the Group's previous contract liabilities to the revenue is generally less than one year, and does not result in any significant financial component.

19. Borrowing cost

The borrowing costs directly attributable to the acquisition, construction, or production of conforming asset shall be capitalized as part of the cost of that asset. All other borrowing costs are recognized as the expenses for the period of occurrence. Borrowing costs include the interest and other costs incurred in connection with the borrowing.

20. Retirement benefit plan

The Group and domestic subsidiary's employee retirement procedures are applicable to all the formally employed staff, and the staff pension fund is fully managed by the Labour Retirement Reserve Supervision Committee Board, and deposited in the dedicated pension fund account; the above-mentioned pension is deposited in the name of the Retirement Reserve Supervision Committee, which is completely separated with The Group and domestic subsidiary, therefore, it is not listed in the consolidated financial statements. The retirement measures for employees of foreign subsidiaries and branches are handled in accordance with local laws and regulations.

For the retirement benefit plan of defined contribution plan, The Group and domestic subsidiary shall pay in the employee pension contribution rate per month, which shall not be less than 6% of the employee's monthly salary. The amount of contribution shall be recognized as the current expense. Foreign subsidiaries and branches shall allocate according to local specific proportion and recognize as current expenses.

For the retirement benefit plan of defined benefit plan, it shall be listed according to the actuarial report in the end day of the annual report period on the basis of unit welfare law. Net defined benefit liabilities (assets) remeasured amount includes any change in the planned asset rewards and asset upper limit influence number, and deducting the net interest amount contained in the net defined benefit liabilities (assets), as well as the actuarial profit or loss. When the net defined benefit liabilities (assets) remeasurement amount occurs, it shall be listed in other comprehensive profit or loss, and recognized in the reserved surplus. The present value change of defined benefit obligation resulting from the plan modification or reduction of early service cost, shall be recognised as the expense on the earlier date of either:

(1) when the plan modification or reduction occurs; and
(2) when the Group recognizes relevant restructuring costs or severance benefits.

Net interest on net defined benefit liabilities (assets) is determined by multiplying the net defined benefit liabilities (assets) by the discount rate, both of which are determined at the beginning of the annual reporting period, with the consideration of any change in the net defined benefit liabilities (assets) during that period as the result of withdrawals and welfare payments.

21. Income tax

Income tax expense (benefit) means the total amount collected in relation to current income tax and deferred income tax included in the determination of current profit and loss.

Current income tax

The current income tax liabilities (assets) related to the current period and the earlier period shall be measured by the legislative or substantive legislative tax rates and tax laws at the end of the reporting period. The income tax of the current period recognized in other comprehensive profit or loss or directly recognized in the equity item, shall be recognized in other comprehensive profit or loss or the equity, instead of the profit or loss.

The portion of undistributed surplus plus profit-seeking enterprise income tax shall be listed as the income tax expense on the day of surplus distribution decided by the board of shareholders.

Deferred income tax

The deferred income tax is calculated from the temporary difference between the tax basis for assets and liabilities on the end of the reporting period and its book amount on the balance sheet.

All taxable temporary differences are recognised as the deferred income tax liabilities except for:

(1) original recognition of goodwill; or not generated from Business Combinations and not affecting either the accounting profits or the taxable income (loss) in the original recognition of asset or liability at the time of the transaction;
(2) taxable temporary difference generated from the investment in equity of subsidiary, affiliated enterprise and joint arrangements, whose recovery time can be controlled and unlikely to occur in the foreseeable future.

Temporary deductible differences, unused tax losses and unused income tax credits generated deferred income tax assets, are recognised likely within the future tax income, except for the following two conditions:

(1) transaction with non-business combinations which relates to the deductible

temporary difference generated from the original recognition of the assets or liabilities at the time of the transaction with no effect to the accounting profits or the taxable income (loss);

(2) related to the deductible temporary differences arising from the investment to equity of subsidiaries, affiliated enterprises and joint arrangement, and only probable to recover in the foreseeable future and there is enough tax at the time of recovery to recognize the use of the temporary difference.

Deferred income tax assets and liabilities are measured at current tax rate of the expected asset realization or liability liquidation, which is based on the tax rate and tax law enacted or substantially enacted at the end of the reporting period. Deferred income tax asset and liability measurement reflects the tax consequences of the expected recovery of assets or liquidation of the book amount of liabilities on the end of the reporting period. Where the deferred income tax is related to the item that is not included in the profit or loss, it is also not recognized as the profit or loss, and is instead recognized as other comprehensive profit or loss or as the equity in accordance with its relevant transaction. Deferred income tax assets are reviewed and recognized on the end of each reporting period.

Deferred income tax assets and liabilities shall have the statutory enforcement power only in respect of the offset between current income tax assets and current income tax liabilities, and can be offset only when the assets and liabilities of current income tax and the deferred income tax belong to the same tax payer and are related to the income tax levied by the same tax authority.

22. Business merger and goodwill

Acquisition method is adopted for the accounting treatment of business merger. The transfer consideration of business merger, the identifiable assets acquired and the liabilities assumed, are the measured by fair value on the acquisition date. Acquirer for each business merger measures the non-controlling equity at fair value or the relative ratio of acquiree’s identifiable net assets. The acquisition related costs shall be the current expenses and include the management fee.

The Group 's acquisition of the business shall be based on the contract conditions, economic conditions and other relevant conditions existing at the date of acquisition, and shall be subject to the appropriate evaluation of the classification and designation of assets and liabilities, including the separation of the financial instruments embedded in the main contracts held by the acquiree.

If the business merger is completed in stages, the acquirer's previously held equity of the acquiree shall be re-measured at the fair value on the acquisition date, and the profits or losses generated shall be recognized as current profits and losses.

Contingent consideration expected to transfer by the acquirer will be recognized at the fair value on the acquisition day. For the contingent consideration regarded as assets or liabilities, the subsequent changes in fair value will be recognized as changes in current profit or loss or other comprehensive income in accordance with IFRS 9 (before January 1, 2018, IAS 39). However, when the contingent consideration is classified as equity, it shall not be remeasured before the final settlement under the equity.

The original measurement of goodwill is the total amount of transferred consideration adding non-controlling equity, exceeding the fair value of identifiable assets and liabilities obtained by the Group; if the consideration is less than the fair value of the net assets obtained, the difference shall be recognized as current profit and loss.

Goodwill, after the original recognition, is measured by cost minus the accumulative impairment. Goodwill arising from the business merger shall be amortized to every cash generating unit of the Group expected to benefit from this merger since the acquisition day, no matter other assets or liabilities of the acquiree attribute to such cash generating units or not. Each unit or unit group amortizing the goodwill represents the minimum level of goodwill supervision for internal management purpose, and is not greater than the operating department before summarizing.

Where the disposal includes the cash generating unit of goodwill, the book amount of the disposal includes the goodwill associated with the disposal operation. The disposed goodwill is measured against relative recoverable amount of the disposal operation and the retained portion.

V. <u>Major sources of uncertainty in significant accounting judgments, estimates and assumptions</u>

When the Group prepares the financial statements, the management shall make the judgments, estimates and assumptions at the end of the reporting period, which shall affect the revenue, expense, reported amount of assets and liabilities and contingent liability disclosure. However, the uncertainty of these significant assumptions and estimates may lead to major adjustment of the book amount of assets or liabilities in the future.

1. Judgment

   In the process of adopting the Group's accounting policies, the management shall make the following judgments that have the most significant impact on the amount recognition of consolidated financial statements:

   Judgment on control to subsidiary when not having the majority voting power

   When The Group does not hold the majority voting rights of some subsidiaries, it shall consider the comprehensive shareholding ratio of the Group to such company, the board seats, request condition of power of attorney, the great influence of relevant activities and other factors, to judge the control. Please refer to Note IV.

2. Estimate and assumption

   Major sources of uncertainty regarding the future estimates and assumptions made at the end of the reporting period carry the significant risk of leading to significant adjustments in the book amounts of assets and liabilities in the next financial year. It is explained as follows:

   (1) Impairment of non-financial assets

      When the book amount of asset or cash generating unit is greater than its recoverable amount, the impairment occurs. Recoverable amount refers to the fair value deducting the disposal cost and use value, whichever is higher. The calculation of the fair value minus the disposal cost is based on the price that the market participants can collect or transfer the liability to pay on the day of measurement by selling the asset in the orderly transaction, after deducting the incremental cost directly attributable to the disposal asset or cash generating unit. The use value is calculated based on the cash flow discount model. Cash flow estimate is in accordance with the budget over the next decade, and does not include the restructuring not committed by the Group or any significant future investment required to enhance the performance of the cash generating unit under the test. The recoverable amount is vulnerable to the discount rate used in the cash flow discount model and the expected future cash flow and growth rate used for the extrapolation purpose.

(2) Inventory

The estimate of net realizable value of the inventory is based on the most reliable evidence of the expected realizable amount of inventory available at the time of the estimate, with the consideration of the destruction of inventory, the obsolescence in whole or in part, or the decline in the selling price. Please refer to Note VI for details.

VI. Description of important accounting items

1. Cash and cash equivalent

	2020.12.31	2019.12.31
Cash on hand	$4,776	$5,792
Current deposit and cheque deposit	2,601,763	2,549,045
Fixed-term deposit	1,210,736	1,460,662
Cash equivalents	369,750	30,016
Total	$4,187,025	$4,045,515

2. Financial assets measured at fair value through profit or loss

	2020.12.31	2019.12.31
Force to measure at fair value through profit or loss:		
Stock	$286,743	$159,838
Fund	162,134	162,746

Total	$448,877	$322,584

Current	$368,835	$212,648
Non-current	80,042	109,936
Total	$448,877	$322,584

There is no guarantee provided for the Group's financial assets measured at fair value through profit and loss.

3. Financial assets measured at fair value through other comprehensive profit or loss

	2020.12.31	2019.12.31
Equity instrument investment measured at fair value through other comprehensive profit or loss:		
Stock of listed company	$136,966	$132,820
Stock of unlisted company	244,133	399,765
Total	$381,099	$532,585

Current	$12,513	$26,237
Non-current	368,586	506,348
Total	$381,099	$532,585

The Group classifies part of financial assets to the financial assets measured at fair value through other comprehensive profit or loss, and please refer to Note VIII for the provided guarantee.

For investments in equity instruments at FVTOCI, the information regarding the dividends recognized in 2020 and 2019 are as follows:

	2020	2019
Investment held as of balance sheet	$65,332	$16,583
Investment derecognized	-	-
Dividend income recognized	$65,332	$16,583

The Group considers selling and derecognizing some investments in equity instruments at FVTOCI in strategic investment consideration, the information regarding the derecognition in 2020 and 2019 is as follows:

	2020	2019
The fair value on derecognition date	$15,504	$8,002
The accumulated gain (loss) on disposal reclassified from other equity to retained earnings	(411)	(2,574)

4. Financial assets measured at amortized cost

	2020.12.31	2019.12.31
Restricted bank deposit	$279,555	$282,270
Current	$106,745	$118,857
Non-current	172,810	163,413
Total	$279,555	$282,270

The guarantee to financial assets measured at amortized cost provided by The Group shall refer to Note VIII, and credit risk related information shall refer to Note XII.

5 Notes receivable

	2020.12.31	2019.12.31
Notes receivable – arising from operation(total carrying amount)	$26,581	$28,905
Less: reserve for loss	-	-
Total	$26,581	$28,905

Not collateral is provided for the notes receivable of the Group

The Group adopts IFRS 9 to assess the impairment from January 1, 2018, and the reserve for loss related information shall refer to Note VI. 23, and the credit risk related information shall refer to Note XII.

6 Account receivable and account receivable - interested party

	2020.12.31	2019.12.31
Account receivable (total carrying amount)	$1,411,537	$1,371,954

Less: reserve for loss	(279,922)	(251,341)
Subtotal	1,131,615	1,120,613
Account receivable - interested party(total carrying amount)	7,166	7,258
Less: reserve for loss	-	-
Subtotal	7,166	7,258
Total	$1,138,781	$1,127,871

The guarantee to account receivable provided by The Group shall refer to Note VIII.

The credit period to the customer is usually 30 to 180 days. The total carrying mounts as of December 31, 2020 and December 31, 2019 were NT$ 1,418,703,000 and NT$ 1,379,212,000 respectively. Please refer to note VI.23 for loss allowance related information and note XII for credit risks related information.

7. Finance lease receivables

	2020.12.31	2019.12.31
Total lease investment		
Less than one year	$8,506	$8,531
More than one year but less than five year	40,979	41,393
Over five years	44,845	53,059
Total	94,330	102,983
Less: unearned finance income	(47,841)	(54,375)
Present value of minimum lease payment receivables	$46,489	$48,608
Finance lease receivables		
Current	$2,235	$1,997
Non-current	44,254	46,611
Present value of minimum lease payment receivables	$46,489	$48,608

The Group has concluded finance lease agreements for renting some equipment. All leases are calculated in New Taiwan Dollar and the average term of finance lease is 20 years. The finance lease receivables are calculated by the discounted net cash flow from anticipated lease operation.

As of December 31, 2020, the Group has assessed that the financial lease receivables are neither overdue nor impaired. For details about the allowance loss, please refer to Note VI.23.

Please refer to note VIII for the collateral provided for finance lease receivables.

8. Inventory

	2020.12.31	2019.12.31
Raw material	$612,390	$736,730
Semi-finished goods and goods in process	341,194	750,964
Finished goods	256,419	268,018
Commodity inventory	157,719	322,008
In-transit inventory	72,214	55,798
Total	$1,439,936	$2,133,518

The inventory costs recognized by the Group as expenses were NT$ 5,541,617,000 and NT$ 7,123,477,000 in 2020 and 2019 respectively, including gain on recovery of inventory price NT$ 24,904,000 and NT$ 8,498,000,000 in 2020 and 2019.

The gain on recovery of inventory price abovementioned was from some price declined inventory sold or scrapped

9. Investment by equity method

Details of investment by equity method adopted by the Group are as below:

	2020.12.31		2019.12.31	
Invested company name	Amount	Ratio (%)	Amount	Ratio (%)
Investment to subsidiaries:				
GoldenRiver	$5,071	23.14	$6,813	23.14
Luminit	27,241	31.03	32,112	31.03
Ricare	58,207	50.00	-	-
Togowin Technology	50,148	30.21	-	-
Total	$140,667		$38,925	

The Group purchased part of the shares of Togowin Technology Co., Ltd. in September 2020 at a purchase price of NT$50,000,000, and obtained 641,000 shares in total, with a shareholding ratio of 30.21%, which is regarded as an affiliated company.

The Group participated in the capital increment by cash of Luminit Automotive Technologies in February and September 2019, with investment amount NT$ 30,000,000. The Group has acquired total 1,350,000 shares and 31.03% shareholding of Luminit Automotive Technologies and deemed it as an Associate.

The Group sold all the shares of Echem Hightech Co., Ltd. held in June 2019, with price NT$ 75,746,000 and gain on disposal of investment NT$ 23,453,000.

(1) Investment in Associates

The Group's investment in affiliated enterprises is not material to the Group. The aggregate book amounts of the affiliated enterprises invested by the Group as of December 31, 2020 and December 31, 2019 are respectively NT$ 140,667,000 and NT$ 38,925,000, and the total financial information is listed as follows according to their shares:

	2020	2019
Net profit (loss) in current period	$(11,307)	$4,101
Other comprehensive profit (loss) in current period (net of tax)	(1,742)	(602)
Total comprehensive profit (loss) in current period	$(13,049)	$3,499

The above-mentioned investment to affiliated enterprises has no contingent liabilities or capital commitments as of December 31, 2020 and December 31, 2019, and no guarantee has been provided.

Loss of control over the subsidiary-Ricare Corporation

Since April 2020, the Group has not held more than half of the directors' seats, so it has lost its substantial control over Ricare Corporation.

The details of the book value of the assets and liabilities of Ricare Corporation at the time of loss of control are as follows:

Assets:	Carrying amount
Cash and cash equivalents	$11,708
Financial assets measured at fair value through profit and loss-current	5,067
Accounts receivable	11,081
Other current assets	2,244
Financial assets measured at fair value through other comprehensive gains and losses-non-current	4,432
Investment using the equity method	65,840
Real estate, plant and equipment	12,201
Intangible assets	23,750
Other non-current assets	6,506
Subtotal	142,829

Liabilities:	
Accounts payable	$2,725
Other payables	8,450
Other current liabilities	2,701
Subtotal	13,876
Carrying amount of original subsidiary's net assets	$128,953

The amount of loss in the disposal of Ricare Corporation is as follows:

Fair value of investment using the equity method	$64,523
Add: the value of non-controlling interests	64,218
Less: the carrying amount of the net assets of the original subsidiary	(128,953)
Loss of subsidiary company disposal	$(212)

Obtain the cash flow of investment by the equity method	
Net cash of the original subsidiary	$11,708
Cash received	-
Net cash outflow	$11,708

Loss of control of subsidiary—Team Diy Hardware Sdn. BHD.

The Group sold all the shares of Team Diy Hardware Sdn. BHD. in October 2020 and therefore lost its substantial control.

The details of the book value of the assets and liabilities of Team Diy Hardware Sdn. BHD. at the time of loss of control are as follows:

Assets	Carrying amount
Cash and cash equivalents	$13,350
Accounts receivable	1,879
Stock	28,676
Other current assets	1,394
Real estate, plant and equipment	6,375
Intangible assets	25,165
Other non-current assets	1,257
Subtotal	78,096

Liabilities:	
Accounts payable	$14,916
Other payables	3,839
Subtotal	18,755
Book amount of original subsidiary's net assets	$59,341

The amount of interest for disposing of Team Diy Hardware Sdn. BHD. is as follows:

Sale consideration	$34,472
Add: the value of non-controlling interests	29,077
Less: the carrying amount of the net assets of the original subsidiary	(59,341)

Interest of disposing subsidiary companies	$4,208

Cash flow from sale	
Sale consideration	$34,472
Net cash of the original subsidiary	(13,350)
Net cash inflow from sales	$21,122

10. Property, plant and equipment

	2020.12.31	2019.12.31
Private use property, plant and equipment	$9,404,256	$10,196,735
Property, plant and equipment for operating lease	70,156	67,905
Total	$9,474,412	$10,264,640

Note: The Group has adopted IFRS 16 since January 1, 2019 and selects not to restate comparative information pursuant to the transitional regulations of IFRS 16

(1) Private use property, plant and equipment (applicable to IFRS 16))

	Land and land improvement	Buildings and structures	Machinery equipment	Other equipment	Construction in progress and equipment to be tested	Total
Cost:						
January 1, 2020	$2,195,866	$8,310,713	$25,570,450	$1,466,704	$342,429	$37,886,162
Adding	-	2,017	63,367	10,820	242,619	318,823
Acquiring through business merger	73,682	20,343	60,900	26,876	2,685	184,486
Disposal	(926)	(5,335)	(3,856,633)	(59,248)	(45,433)	(3,967,575)
Scrap	-	(1,159,284)	(4,121,492)	(63,805)	-	(5,344,581)
Transfer	-	(202,161)	42,034	(11,084)	(397,329)	(568,540)
Influence of exchange rate change	12	(17,405)	(155,843)	70	(5,487)	(178,653)
December 31, 2020	$2,268,634	$6,948,888	$17,602,783	$1,370,333	$139,484	$28,330,122
January 1, 2019	$2,111,268	$8,250,920	$27,528,680	$1,960,391	$755,575	$40,606,834
Adding	-	170	94,303	24,087	518,756	637,316
Acquiring through business merger	86,944	74,890	33,922	34,569	-	230,325
Disposal	(1,206)	(42,943)	(1,693,463)	(425,348)	(5,802)	(2,168,762)
Scrap	-	-	(37,028)	(12,860)	-	(49,888)

Transfer	(1,050)	76,618	(37,822)	(74,824)	(889,406)	(926,484)
Influence of exchange rate change	(90)	(48,942)	(318,142)	(39,311)	(36,694)	(443,179)
December 31, 2019	$2,195,866	$8,310,713	$25,570,450	$1,466,704	$342,429	$37,886,162
Depreciation and impairment:						
January 1, 2020	$-	$5,378,008	$21,122,745	$1,188,674	$-	$27,689,427
Depreciation and other loss	-	145,590	658,576	42,812	-	846,978
Acquiring through business merger	-	2,242	44,876	18,927	-	66,045
Impairment loss	-	-	7,512	834	-	8,346
Disposal	-	(5,275)	(3,813,196)	(57,219)	-	(3,875,690)
Scrap	-	(1,159,284)	(4,120,939)	(63,536)	-	(5,343,759)
Transfer	-	(110,161)	(255,301)	(10,954)	-	(376,416)
Influence of exchange rate change	-	(5,711)	(83,451)	96	-	(89,066)
December 31, 2020	$-	$4,245,409	$13,560,822	$1,119,635	$-	$18,925,866
January 1, 2019	$-	$5,167,920	$21,662,230	$1,480,366	$12	$28,310,528
Depreciation and other loss	-	150,053	1,354,607	73,747	-	1,578,408
Acquiring through business merger	-	53,955	27,907	28,677	-	110,540
Impairment loss	-	109,410	1,034,545	12,150	-	1,156,105
Disposal	-	(35,828)	(1,761,997)	(314,738)	-	(2,112,563)
Scrap	-	-	(37,028)	(12,347)	-	(49,375)
Transfer	-	(43,605)	(907,150)	(48,877)	(12)	(999,644)
Influence of exchange rate change	-	(23,897)	(250,369)	(30,304)	-	(304,571)
December 31, 2019	$-	$5,378,008	$21,122,745	$1,188,674	$-	$27,689,427
Net book amount:						
December 31, 2020	$2,268,634	$2,703,479	$4,041,961	$250,698	$139,484	$9,404,256
December 31, 2019	$2,195,866	$2,932,705	$4,447,705	$278,030	$342,429	$10,196,735

(2) Property, plant and equipment for operating lease

	Buildings and structures	Machinery equipment	Other equipment	Total
Cost:				
January 1, 2020	$98,123	$115,755	$1,785	$215,663
Adding	-	-	-	-
Transfer	87,637	-	10	87,647
Influence of exchange rate change	60	150	3	213
December 31, 2020	$185,820	$115,905	$1,798	$303,523
January 1, 2019	$82,578	$388,930	$-	$471,508
Adding	-	-	-	-
Acquiring through business merger	-	19,714	-	19,714
Transfer	16,550	(290,386)	1,855	(271,981)
Influence of exchange rate change	(1,005)	(2,503)	(70)	(3,578)
December 31, 2019	$98,123	$115,755	$1,785	$215,663
Depreciation and impairment:				
January 1, 2020	$45,156	$101,163	$1,439	$147,758
Depreciation	11,753	14,626	337	26,716
Transfer	58,715	-	10	58,725
Influence of exchange rate change	48	116	4	168
December 31, 2020	$115,672	$115,905	$1,790	$233,367
January 1, 2019	$23,920	$234,238	$-	$258,158
Depreciation	9,163	15,573	375	25,111
Acquiring through business merger	-	5,192	-	5,192
Transfer	12,769	(152,187)	1,113	(134,305)
Influence of exchange rate change	(696)	(1,653)	(49)	(2,398)
December 31, 2019	$45,156	$101,163	$1,439	$147,758
Net book amount:				
December 31, 2020	$70,148	$-	$8	$70,156
December 31, 2019	$52,967	$14,592	$346	$67,905

For collateral provided against the property, plant and equipment, please refer to note VIII of notes to consolidated financial statements.

11. Investment property

	Land	Buildings	Total
Cost:			
January 1, 2020	$55,865	$946,163	$1,002,028
Adding – from subsequent expense	-	-	-
Transfer	-	143,027	143,027
Other changes	-	-	-
December 31, 2020	$55,865	$1,089,190	$1,145,055
January 1, 2019	$55,865	$930,125	$985,990
Adding – from subsequent expense	-	-	-
Transfer	-	16,038	16,038
December 31, 2019	$55,865	$946,163	$1,002,028
Depreciation and impairment:			
January 1, 2020	$-	$658,378	$658,378
Depreciation	-	13,717	13,717
Transfer	-	99,438	99,438
Other changes	-	-	-
December 31, 2020	$-	$771,533	$771,533
January 1, 2019	$-	$639,378	$639,378
Depreciation	-	19,000	19,000
Transfer	-	-	-
December 31, 2019	$-	$658,378	$658,378
Net book amount:			
December 31, 2020	$55,865	$317,657	$373,522
December 31, 2019	$55,865	$287,785	$343,650

	2020	2019
Investment property rental revenue	$69,951	$68,207
Less: Direct operating expense incurred on investment property generating rental revenue for the current period	(13,626)	(11,798)
Direct operating expense incurred on investment property not generating rental revenue for the current period	-	-
Total	$56,325	$56,409

Guarantee to investment property provided by the Group shall refer to Note VIII.

The investment property held by the Group is not measured according to the fair value, but only reveals the information of its fair value, which belongs to Level 3. The fair value of the investment property held by the Group were NT$ 958,545,000 on December 31, 2020 and December 31, 2019, respectively.

12. Intangible asset

	Trademark right	Patent right	Goodwill	Other intangible asset	Franchise	Total
Cost:						
January 1, 2020	$915,913	$495,049	$476,545	$434,978	$30,000	$2,352,485
Adding – acquiring separately	-	554	-	294	-	848
Transfer	-	-	(25,165)	-	(30,000)	(55,165)
Acquiring through business merger	-	-	34,962	-	-	34,962
Influence of exchange rate change	3,960	-	-	-	-	3,960
December 31, 2020	$919,873	$495,603	$486,342	$435,272	$-	$2,337,090
January 1, 2019	$921,037	$493,344	$476,545	$434,978	$-	$2,325,904
Adding – acquiring separately	-	614	-	-	-	614
Transfer	-	-	-	-	30,000	30,000
Acquiring through business merger	835	1,091	-	-	-	1,926
Influence of exchange rate change	(5,959)	-	-	-	-	(5,959)
December 31, 2019	$915,913	$495,049	$476,545	$434,978	$30,000	$2,352,845
Amortization and impairment:						
January 1, 2020	$915,198	$468,984	$-	$372,773	$5,000	$1,761,955
Amortization	200	9,649	-	10,662	1,250	21,761
Transfer	-	-	-	-	(6,250)	(6,250)
Influence of exchange rate change	3,960	-	-	-	-	3,960

December 31, 2020	$919,358	$478,633	$-	$383,435	$-	$1,781,426
January 1, 2019	$765,792	$458,990	$-	$232,541	$-	$1,457,323
Amortization	75,097	9,994	-	10,367	5,000	100,458
Impairment	76,217	-	-	129,865	-	206,082
Influence of exchange rate change	(1,908)	-	-	-	-	(1,908)
December 31, 2019	$915,198	$468,984	$-	$372,773	$5,000	$1,761,955
Net book amount:						
December 31, 2020	$515	$16,970	$486,342	$51,837	$-	$555,664
December 31, 2019	$715	$26,065	$476,545	$62,205	$25,000	$590,530

Amortization amount recognized as intangible asset as below:

	2020	2019
Operating cost and operating expense	$21,761	$100,458

13. Other non-current assets

	2020.12.31	2019.12.31
Refundable Deposits	$16,572	$65,387
Total	$16,572	$65,387

14. Goodwill impairment test

For the purpose of impairment test, the goodwill acquired due to the business merger is mainly apportioned to the cash generating unit of the storage media department.

The book amount of the goodwill apportioned to the cash generating unit is:

	Storage media department	
	2020.12.31	2019.12.31
Goodwill	$451,380	$476,545

Storage media cash generating unit

The recoverable amount of storage media cash generating unit is determined according to the use value, and the use value is calculated from the cash flow forecast of 10-year financial budget estimated by the management level. The cash flow forecast has been updated to reflect relevant product demand change. The cash flow forecast used discount rate in December 31, 2020 and December 31, 2019 is 9%.

Key assumptions used to calculate the use value

The use value calculation of storage media cash generating unit is most sensitive to the following assumptions:

(1) discount rate
(2) gross profit rate
(3) market share during the budget period; and
(4) revenue growth rate during the extrapolation budget period

Discount rate – the discount rate represents the specific risk assessment of market to each cash generating unit at that time (time value of money and related assets individual risk not included in the estimates of cash flow). The discount rate calculation is based on the specific situation of the Group and its operating department, and derived from its weighted average cost of capital (WACC). WACC considers the liability and equity at the same time. The equity cost is derived from the expected investment return of the Group investors, and the liability cost is based on the interest-bearing loan obligated to repay by the Group.

Gross profit rate - the gross profit rate is estimated on the basis of the gross profit rate of the most recent year of the financial budget period and considering the future market trends.

Rise in raw material prices - the estimates are derived from the indicators published by the raw material suppliers and relevant commodity specific data. If the predicted data are acquirable publicly, it could be adopted; otherwise, the actual price fluctuations of raw materials in the past will be used as the indicator of future price fluctuations.

Market share assumptions - these assumptions are important because when the management level estimates the growth rate according to industry data, it shall assess the potential changes in the unit's market share relative to competitors during the budget period. The management level expects the Group's storage media product market share shall be stable during the budget period.

Revenue growth rate estimates - based on historical experience, the average long-term growth rate of The Group's budget has been adjusted with the consideration to the speed of product innovation and the overall economic environment.

Sensitivity to assumption change

With regard to the use value assessment of the cash generating unit of storage media, the management level believes that there is no substantial possibility to change the key assumptions mentioned above, so that the book amount of the unit significantly exceeds its recoverable amount.

Carrying amount of goodwill allocated to cash-generating units in other departments:

	Other departments	
	2020.12.31	2019.12.31
Goodwill	$34,962	$-

The goodwill of the cash-generating unit of other departments was obtained by the Group’s participation in the acquisition of JHEN JHUAN CO., LTD. in April 2020. As of December 31, 2020, the impairment test of goodwill has not been conducted. For details, please refer to Note VI.32.

15. Short-term borrowing

	2020.12.31	2019.12.31
Borrowing by financial institutions	$1,639,797	$1,744,767
Interest rate range (%)	0.8400~4.0000	0.9500~4.8503

Up to December 31, 2020 and December 31, 2019, the unused short-term borrowing limits of the Group are respectively NT$ 2,106,002,000 and NT$ 2,053,779,000.

The guarantee to short-term borrowing shall refer to Note VIII.

16. Short-term notes and bills payable

Guarantee agency	2020.12.31	2019.12.31
Commercial paper issued book value	$45,000	$79,200
Less: Discount on short-term notes and bills payable	(49)	(317)
Net amount	$44,951	$78,883
Interest rate range (%)	0.7120~2.4880	0.7120~2.5380

For collateral provided against the short-term notes payable, please refer to note VIII of notes to consolidated financial statements.

17. Financial liabilities measured at fair value through profit and loss

	109.12.31	108.12.31
Hold for trading:		
Derivatives that do not specify a hedging relationship:	$-	$11,845
Embedded derivative financial instruments	385	-
Subtotal	$385	$11,845
Total		
Current	$-	$11,845
Non-current	385	-
Total	$385	$11,845

18. Company debt payable

The Group did not pay any domestic conversion of corporate bonds on December 31, 2019.

(1) Domestic conversion corporate bonds payable

	109.12.31
Debt elements:	
Denomination of domestic converted corporate bonds payable	$349,900
Payable domestic conversion corporate bond discount	(22,870)
Subtotal	327,030
Less: Expires within one year	-

Net amount	$327,030

(2) On June 4, 2020, the board of directors of Ritdisplay Corporation approved the issuance of the first domestic unsecured conversion of corporate bonds, and was approved by the JGZFZ No. 1090347186. The main terms of the issuance are as follows:

A. Issue date: July 17, 202
B. Total issuance: NT$350,000,000
C. Issuance price: issued in full face amount
D. Coupon interest rate: 0%
E. Coupon interest rate: 0%
F. Issue period: July 17, 2020~July 17, 2023
G. Conversion method:

(A) Conversion period: The bondholders shall start from the day following the expiration of three months after the issuance date of the converted corporate bonds (October 18, 2020) and end on the maturity date (July 17, 2023), except for (1) suspension of transfer period; The conversion shall be stopped from the fifteen business days before the cessation of transfer of the free allotment of Ritdisplay Corporation, the cessation of the transfer of cash dividends, or the cessation of transfer of the cash capital increase subscription to the base date of the right distribution; from the capital reduction base date for the capital reduction to the day before the trading day before the start of the capital reduction and exchange of stocks; from the starting date of the stop of conversion for the change of denomination of stocks to the day before the start of trading of the new shares for the exchange of stocks. The bondholders shall request Ritdisplay Corporation at any time to convert the bonds held by this conversion company into the common stock of Ritdisplay Corporation in accordance with the provisions of these measures.

(B) Conversion price and its adjustment: The conversion price was set at NT$50.80 per share at the time of issuance. In the event of an adjustment of the conversion price of the common shares of Ritdisplay Corporation in compliance with the terms of issuance, the conversion price shall be adjusted in accordance with the formula stipulated in the terms of issuance.

(C) Redemption on the maturity date: When the converted corporate bond is due and has not been settled, it will be repaid in full in cash at the face value of the bond.

H. Ritdisplay Corporation: Ritdisplay Corporation's right to redeem the bonds of the conversion company:

This converted corporate bond starts from the day after three months from the issuance date (October 18, 2020) to forty days before the expiration of the issuance period (June 7, 2023); in the following cases, Ritdisplay Corporation may recover all of its bonds in cash based on the face value of the bonds:

(A) When the closing price of the common shares of Ritdisplay Corporation exceeds the current conversion price by more than 30% (inclusive) for 30 consecutive business days.

(B) When the outstanding balance of the converted corporate bonds is less than 10% of the total amount of original issuance.

I. Bondholder’s right to sell back:

The date of the conversion of the corporate bonds for two years (July 17, 2022) is the benchmark date for the bondholders to sell back the bonds in advance. The company shall send the "Notice of Exercise of the Right to Sell Back" to the bondholders 40 days before the benchmark date of the sellback (June 7, 2022), and send a letter to the Counter Buying Center to announce the exercise of the right to sell. The bondholder may notify the stock agency of in writing within 30 days (June 17, 2022) before the benchmark date for selling back, requiring Ritdisplay Corporation to redeem the bonds it holds with cash at 101.00% of the face value of the bonds (with an annual yield of 0.5% on sale). Ritdisplay Corporation accepts the sale back request and shall redeem the bond in cash within five business days after the sale back base date.

19. Long-term borrowing

	2020.12.31	2019.12.31
Borrowing by financial institutions	$5,295,004	$5,990,307
Borrowing by non-financial institutions	-	-

Total	$5,295,004	5,990,307
Less: Discount on long-term notes payable	(1,598)	(3,841)
Long-term borrowing maturing within one year or one business cycle	(1,356,413)	(1,172,211)
Net amount	$3,936,993	$4,814,255
Interest rate range (%)	0.6550~2.5000	1.5500~2.8120

(1) The Group signed the two-year NT$ 700 million financing commitment contract with Taishin International Commercial Bank in August 2018. The main commitments of the above credit granting case are as follows:

A. In addition to the formal replacement of machinery equipment and the sale of inventories, the majority of the guarantor bank shall agree to sell, transfer, lend, lease or dispose all or substantial part of the assets, or in the case of material change in the business item or business undertaking.

Total liabilities of Consolidated Financial Statements may not exceed 100% of net tangible value; current assets shall not be less than 100% of current liabilities, and the tangible net value shall not be less than NT$ 20 billion.

B. In June 2020, it changed its commitments with Taishin International Commercial Bank: the total liabilities of the consolidated financial statements shall not exceed 100% of the tangible net value; the current assets shall not be less than 100% of the current liabilities, and the tangible net value shall not be less than NT$9 billion.

C. As of December 31, 2020 and December 31, 2019, the outstanding loan balance of The Group is NT$ 673,000,000 and NT$ 673,000,000 respectively.

(2) The Group signed the three-year NT$ 500 million financing commitment contract with Yuanta Commercial Bank in March 2019. The main commitments of the above credit granting case are as follows:

A. Total liabilities of Consolidated Financial Statements shall not exceed 100% of net tangible value; current assets shall not be less than 100% of current liabilities, and the tangible net value shall not be less than NT$ 10 billion.

B. As of December 31, 2020 and December 31, 2019, the outstanding loan balance of The Group is NT$ 350,000,000 and NT$ 450,000,000 respectively.

(3) Subsidiary Ritdisplay Corporation signed the 13-year guarantee financing commitment contract of NT$9.1 billion with joint credit syndicate as Bank of Taiwan in June 2002. The main commitments of above joint credit case are as follows:

A. In addition to the formal replacement of machinery equipment and the sale of inventories, the majority of the guarantor bank's consent shall be required in the event of the sale, transfer, loan, lease or other disposal of all or substantial part of the assets, or in the case of material change of business or undertaking.

Subsidiary Ritdisplay Corporation signed the joint credit contract supplementary agreement with the joint credit syndicate on June 21, 2013, and the payment terms indicated the first installment payment on December 11, 2014, and every six months as one installment, to pay back in five installments averagely. Within the newly increased grace period, Ritdisplay was exempted for the test to above financial ratio and the tangible net value commitment, and Ritdisplay also agreed to pay compensation calculated on 0.15% of the outstanding principal to the joint credit syndicate at the end of the year.

In addition, the subsidiary Ritdisplay also signed the joint credit contract supplementary agreement with the joint credit syndicate on December 8, 2015; within the newly increased grace period (2011 ~ 2017), Ritdisplay was exempted for the test to above financial ratio commitment, and Ritdisplay also agreed to pay compensation calculated on 0.15% of the outstanding principal to the joint credit syndicate at the end of the year.

And also, the subsidiary Ritdisplay signed the credit contract of NT$ 1.5 billion with the joint credit syndicate as Bank of Taiwan on July 28, 2016 for the unliquidated balance of participating loan case of NT$ 9.1 billion plus the medium-term operation revolving funds, with the loan period from August 15, 2016 to August 15, 2021, and the payment method is to pay the first installment payment after 6 months from the date of the first use, then every

6 months as one installment, to pay back in 10 installments averagely. The subsidiary Ritdisplay Corporation repaid the amount earlier in February 2019.

(4) Subsidiary Ritdisplay Corporation signed the 5-year guarantee financing commitment contract of NT$ 1.8 billion with joint credit syndicate as Bank of Taiwan in December 2018.

A. The financial commitment to syndicated loan

Maintain financial ratios and agreements as follows:

(a) Current ratio (current assets/ current liabilities): keep at 100% and above

(b) Debt ratio (total liabilities/tangible net worth): keep under 250%

(c) Interest coverage ratio [(net income before tax + depreciation + amortization+ interest expense)/interest expense]: keep at least 6 times

(d) Tangible net worth (shareholders' equity – intangible assets): keep at least NT$ 1,000,000,000

The above ratio and standard shall be checked every six months according to the individual financial reports of the year (half year) of the accountant audit (review) visa. The financial ratio as of December 31, 2020 and December 31, 2019 were satisfactory to the regulations of syndicated loan contract granted by preceding Bank of Taiwan such united banking group.

(5) Subsidiary U-tech Technology Co., Ltd. signed the guarantee financing commitment contract of NT$ 100,000,000 with joint credit syndicate as Far Eastern International Bank in January 2018. The major commitment for preceding loan are (1) current ratio shall not be not lower than 120%, (2) debt ratio shall not be higher than 100% in consolidated financial statements.

(6) Subsidiary U-tech Technology Co., Ltd. signed the guarantee financing commitment contract of NT$ 130,000,000 with joint credit syndicate as CTBC Bank in May 2018. The major commitment for preceding loan are (1) tangible net worth ratio shall not be not lower than 2.15 billion, (2) current ratio shall not be lower than 150%, (3) total liabilities/tangible net worth shall not be higher than 100% in consolidated financial statements.

(7) Subsidiary U-tech Technology Co., Ltd. signed the guarantee financing commitment contract of NT$ 150,000,000 with joint credit syndicate as O-Bank

in December 2019. The major commitment for preceding loan are (1) tangible net worth ratio shall not be not lower than 2.2 billion, (2) total liabilities/tangible net worth shall not be higher than 100% in consolidated financial statements.

(8) Subsidiary AimCore Technology Co., Ltd. signed the guarantee financing commitment contract of NT$ 150,000,000 with joint credit syndicate as Chang Hwa Commercial Bank in June 2014. The major commitment for preceding loan are (1) current ratio shall not be lower than 150%, (2) net income before tax shall be at least 3%, (3) if both financial ratios are satisfactory to the criteria, then the interest rate markup shall be 0.66%; if only one criteria is satisfactory, then the interest rate markup shall be 0.86%; if both ratios are unsatisfactory or without audited financial statements provided, then the interest rate markup will be changed to 1.06%.

(9) Subsidiary AimCore Technology Co., Ltd. signed the guarantee financing commitment contract of NT$ 39,000,000 with joint credit syndicate as Chang Hwa Commercial Bank in September 2014. The major commitment for preceding loan are (1) current ratio shall not be lower than 150%, (2) net income before tax shall be at least 3%, (3) if both financial ratios are satisfactory to the criteria, then the interest rate markup shall be 0.86%; if only one criteria is satisfactory, then the interest rate markup shall be 1.06%; if both ratios are unsatisfactory or without audited financial statements provided, then the interest rate markup will be changed to 1.26%.

(10) Subsidiary AimCore Technology Co., Ltd. signed the guarantee financing commitment contract of NT$ 163,000,000 with joint credit syndicate as Chang Hwa Commercial Bank in February 2015. The major commitment for preceding loan are (1) current ratio shall not be lower than 150%, (2) net income before tax shall be at least 3%, (3) if both financial ratios are satisfactory to the criteria, then the interest rate markup shall be 0.66%; if only one criteria is satisfactory, then the interest rate markup shall be 0.86%.

(11) Subsidiary AimCore Technology Co., Ltd. signed the guarantee financing commitment contract of NT$ 36,000,000 with joint credit syndicate as Chang Hwa Commercial Bank in July 2018. The major commitment for preceding loan are (1) current ratio shall not be lower than 150%, (2) net income before tax shall be at least 3%, (3) if both financial ratios are satisfactory to the criteria, then the interest rate markup shall be 0.74%; if only one criteria is satisfactory, then the interest rate markup shall be 1.06%; if both ratios are unsatisfactory or without audited financial statements provided, then the interest rate markup will be changed to 1.26%.

(12) Subsidiary AimCore Technology Co., Ltd. signed the guarantee financing

commitment contract of NT$ 300,000,000 with joint credit syndicate as Chang Hwa Commercial Bank in October 2018. The major commitment for preceding loan are (1) current ratio shall not be lower than 150%, (2) net income before tax shall be at least 3%, (3) if both financial ratios are satisfactory to the criteria, then the interest rate markup shall be 0.54%; if only one criteria is satisfactory, then the interest rate markup shall be 0.86%; if both ratios are unsatisfactory or without audited financial statements provided, then the interest rate markup will be changed to 1.06%.

(13) The remaining loan repayment period starts from 2014 and ends in 2039 by stages.

(14) For the long-term loan guarantee, please refer to Note VIII.

20. Retirement benefit plan

<u>Defined contribution plan</u>

The Group and domestic subsidiary's employee retirement method under the "Labor Pensions Rule" is the defined contribution plan. In accordance with the provisions, The Group and domestic subsidiary shall contribute no less than 6% of the employee's monthly salary to the pension fund. In accordance with the employee retirement policy set forth, The Group and domestic subsidiary transfers in 6% of the employee's salary to the personal pension account in the Labor Insurance Bureau every month.

Subsidiary within the territory of Mainland China shall draw the pension insurance in certain proportion of the total employee salary in accordance with local government laws and regulations, to pay to each separate special account of employees in relevant government department.

The Group's other foreign subsidiary and branch shall draw the pension contributions to relevant pension management entity in accordance with local laws and regulations.

The Group confirmed and recognized transfer program costs in 2020 and 2019 are NT$ 51,734,000 and NT$ 54,170,000, respectively.

The increased pension expenses for appointed manager of subsidiary Ritdisplay Corporation in 2020 and 2019 were NT$ 3,461,000 and NT$ 4,326,000, respectively.

Defined benefit plan

The employee pension plan established by The Group and domestic subsidiary in accordance with the "Labor Standards Law" is the defined benefit plan, and the payment of the employee pension is calculated based on the base of service experience and the average monthly salary at the time of approved retirement. Two bases shall be given for each year of service less than 15 years (included), and one base shall be given for each year of service more than 15 years, provided that the maximum accumulative base number shall be 45. The Group and domestic subsidiary shall, in accordance with the Labor Standards Law, contribute 2% of the total salary to the pension fund on a monthly basis, which shall be deposited in the special account in the name of the Labor Retirement Reserve Supervision Committee in the Bank of Taiwan. In addition, the Group and domestic subsidiary shall, before the end of each fiscal year, estimate the balance of the aforesaid labor retirement reserve account. If the balance is less than the amount of the aforesaid pension for the workers who are eligible for retirement in the next fiscal year, the Group shall allocate the difference before the end of March of the next fiscal year.

The Ministry of Labor allocates the assets according to the income and expenditure custody and operation methods of the labor retirement fund, and the investment of the fund shall be carried out in the form of self-management and entrusted management, as well as adopting the medium and long-term investment strategies in active and passive management. Considering the market, credit, liquidity and other risks, the Labor Department shall set the fund risk limit and control plan, so as to have enough flexibility to achieve the target reward without taking excessive risks. For the use of the fund, the minimum annual income distributed in the final accounts shall not be less than the income calculated on the basis of two-year time deposits of the local bank; in case of any deficiency, it shall be made up by the State Treasury after being approved by the competent authority. Since the Group has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of the plan assets in accordance with Paragraph 142 of IAS 19. As of December 31, 2020, the Company's defined benefit plan is expected to allocate NT$ 12,003,000 for the next year.

As of December 31, 2020 and December 31, 2019, the weighted average duration of defined benefit plan of the Group is 11 to 15 years and 12 to 14 years respectively.

The table below summarizes the defined benefit plan and recognizes to the cost of profit or loss:

	2020	2019
Current service cost	$1,135	$1,134
Net interest of net defined benefit liability (asset)	1,464	1,780
Previous service cost	-	-
Total	$2,599	$2,914

Present value of defined benefit obligation and fair value of plan asset are adjusted as below:

	2020.12.31	2019.12.31
Present value of defined benefit obligation	$433,142	$447,343
Fair value of plan asset	284,796	279,100
Net amount of net defined benefit liability (asset)	$148,346	$168,243

Information expressed in assets and liabilities is as follows:

	2020.12.31	2019.12.31
Net defined benefit assets (listed in other non-current assets)	$-	$(8,575)
Net defined benefit liabilities	$148,346	$168,243

Net defined benefit liability (asset) adjustment:

	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liability (asset)
January 1, 2019	$417,454	$271,751	$145,703
Current service cost	1,134	-	1,134
Interest expense (revenue)	5,941	4,161	1,780
Previous service cost and liquidation profit or loss	-	-	-
Subtotal	424,529	275,912	148,617

Defined benefit liability /asset remeasurement amount:			
Demographic assumption change generated actuarial profit or loss	879	-	879
Financial assumption change generated actuarial profit or loss	14,242	-	14,242
Experience adjustment	26,258	-	26,258
Defined benefit asset remeasurement amount	-	8,515	(8,515)
Subtotal	41,379	8,515	32,864
Benefit of payment	(18,565)	(18,565)	-
Employer contribution amount	-	13,238	(13,238)
Effects of Changes in Foreign Exchange Rates	-	-	-
December 31, 2019	$447,343	$279,100	$168,243
Current service cost	1,135	-	1,135
Interest expense (revenue)	4,956	3,492	1,464
Previous service cost and liquidation profit or loss	-	-	-
Subtotal	453,434	282,592	170,842
Defined benefit liability /asset remeasurement amount:			
Demographic assumption change generated actuarial profit or loss	(247)	-	(247)
Financial assumption change generated actuarial profit or loss	16,516	-	16,516
Experience adjustment	(13,067)	-	(13,067)
Defined benefit asset remeasurement amount	-	14,281	(14,281)
Subtotal	3,202	14,281	(11,079)
Benefit of payment	(23,494)	(23,494)	-
Employer contribution amount	-	11,417	(11,417)
Effects of Changes in Foreign Exchange Rates	-	-	-

December 31, 2020	$433,142	$284,796	$148,346

The following main assumptions are used to determine the defined benefit plan of the Company:

	2020.12.31	2019.12.31
Discount rate	1.00%	1.35%
Expected salary increasing rate	2.00%	2.00%

Every significant actuarial assumption sensitivity analysis:

	2020		2019	
	Defined benefit obligation increasing	Defined benefit obligation decreasing	Defined benefit obligation increasing	Defined benefit obligation decreasing
Discount rate increasing 0.5%	$-	$22,205	$-	$25,614
Discount rate decreasing 0.5%	24,856	-	28,305	-
Expected salary increasing 0.5%	24,688	-	28,204	-
Expected salary decreasing 0.5%	-	22,296	-	25,791

Assuming that the other assumptions are unchanged when handling the above sensitivity analysis, if the single actuarial assumption (such as the discount rate or expected salary) has reasonable change, it shall analyze the possible influence of defined benefit obligation. Because some actuarial assumptions are related to each other, single change in the actuarial assumption is rare in practice, thus this analysis has its limits.

The methods and assumptions used in the current sensitivity analysis are not different from those used in the previous analysis.

21. Equity

(1) Common stock

As of December 31, 2020 and December 31, 2019, the paid-in capital of the Group is NT$ 6,936,797,000 and NT$ 12,841,579,000, and par value per share is NT$ 10, totally 693,679,663 shares and 1,284,157,900 shares.

To improve the financial structure, the Group decides to reduce the capital and cover the deficit of NT$ 5,904,782,000 in the shareholder meeting on June 17, 2020, and the reduced share number is 590,478,237, in the capital reduction rate of 45.98%, and also decides July 18, 2018 is the capital reduction base day in the shareholder meeting on August 10, 2020.

(2) Capital surplus

	2020.12.31	2019.12.31
Difference between actually acquired or disposed subsidiary equity price and book value	$629,591	$584,791
Donated assets received	4,937	4,937
Recognizing the change in ownership equity of subsidiary	512,595	540,190
Total	1,147,123	$1,129,918

According to the law, the capital surplus shall not be used except to cover the Company's losses. When the Group has no losses, the capital surplus shall be generated from the excess amount of stock issued and the grant as well as the income received, to increase the capital in certain ratio of paid-in capital per year, and the aforesaid capital surplus may also be distributed in cash in proportion to the original shares of the shareholder.

(3) Surplus distribution and dividend policy

The Articles of Association of the Group stipulates that the industrial environment in which the Group is located is changing rapidly and the life cycle of the Group is in the period of rapid growth. Considering the future capital needs of the Company, long-term financial planning and corporate earnings growth, to meet the demand of shareholders to cash inflows, if there is surplus after the Company’s annual final settlement, in addition to pay the profit-seeking enterprise income tax in accordance with the law and make up the losses of the previous year, ten percent should be drawn for the statutory surplus reserves, but when the statutory surplus reserves reached the paid-in capital of the Company, it shall not draw any more, and the rest shall be listed pursuant to applicable laws and regulations or transfer to special surplus reserves, and then its balance shall be firstly dispatched for the special stock dividend. The rest, together with 50 to 100 percent of the undistributed earnings set aside in previous years, will be the shareholders' dividends. The proportion of cash dividends will be determined by the detailed assessment of the Company's earnings growth for the coming year and its capital budget plan within the range no more than one half. The aforesaid ratio of dividend withdrawal and the ratio of cash dividend may be adjusted by the resolution of the board of shareholders according to the actual profit and capital status of the Group in the current year.

The Articles of Association of the Group stipulate that, where the accumulation of the preceding year or the after-tax earnings incurred in the current year are insufficient to set aside the deduction of shareholders' equity, the same amount of special surplus reserve shall be set aside from the undistributed earnings accumulated in the preceding year and deducted prior to the allocation of dividends for shareholders.

After adopting IFRS, the Group released the stipulation Letter JIN-GUAN-JHENG-FA No. 1010012865 in accordance with FSC on April 6, 2012; for the first-time application of IFRS, the unrealized revaluation appreciation and accumulated conversion adjustment benefits of the account are transferred to the retained surplus portion on the conversion day by reason of the application of IFRS 1 "First application of IFRS" exemption item, and the same amount of the special surplus reserve is set aside. Upon the application of IFRS to prepare the financial report, the special surplus reserve shall be set aside at the time of the assignment of the distributable surplus, on the basis of the difference between the balance of the special surplus reserve at the time of the first IFRS application and the net amount of other equity deductions. If the balance of any other deduction item of shareholders' equity subsequently turns, the surplus of the recovery portion may be distributed. The Group does not need to set aside any special surplus reserve due to the first application of IFRS.

Please refer to Note VI. 25 for information on the basis and amount of the appraisal of employee salary and the remuneration of the board of directors.

(4) Non-controlling interest

	2020	2019
Beginning balance (according to IFRS 9)	$4,160,740	$4,037,714
Current net profit attributed to non-controlling interest	96,659	(316,575)
Other comprehensive profit or loss attributed to non-controlling interest:		
Exchange difference of financial statements conversion of foreign operating institutes	4,058	(19,312)
Unrealized profit or loss of financial assets measured at fair value through other comprehensive profit or loss	(118,539)	(122,205)
Actuarial profit or loss of defined benefit plan	7,437	(9,615)
Actually acquired or sold subsidiary share	172,625	208,335
Cash Dividends	(65,259)	(120,477)
New share issued by subsidiary not subscribed according to shareholding ratio	94,708	386,216
Other	(88,816)	116,659
Ending balance	4,263,613	$4,160,740

22. Operating revenue

	2020	2019
Revenue from Contracts with Customers		
Revenue from sales of goods	$6,147,761	$7,427,761
Other operating revenue	430,448	351,362
Total	$6,578,209	$7,779,123

Information related to Revenue from Contracts with Customers on 2020 and 2019 is as below:

(1) Revenue subdivision

2020

	Storage media department	OLED department	Other department	Total
Sales of goods	$3,542,690	$1,627,597	$977,474	$6,147,761
Others	375,433	8,976	46,039	430,448
Total	$3,918,123	$1,636,573	$1,023,513	$6,578,209
Revenue recognition time and place:				
In certain time and place	$3,918,123	$1,636,573	$1,023,513	$6,578,209

2019

	Storage media department	OLED department	Other department	Total
Sales of goods	$5,000,917	$1,706,274	$720,570	$7,427,761
Others	302,807	8,558	39,997	351,362
Total	$5,303,724	1,714,832	$760,567	$7,779,123
Revenue recognition time and place:				
In certain time and place	$5,303,724	$1,714,832	$760,567	$7,779,123

(2) Contract balance

A. Contract liability – current (list other current liabilities)

	2020.12.31	2019.12.31	2019.1.1
Sales of goods	$70,775	$65,917	$65,334

In 2020 and 2019, the contract liability balance of the Group decreases sharply due to majority performance obligations have been met, in which, NT$ 65,917,000 and NT$ 65,334,000 is the beginning balance and recognized as revenue in current period.

(3) Asset recognized from the acquisition or customer contract performance cost

None.

23. Expected credit impairment loss (profit)

	2020	2018
Operating expense		
Accounts receivable	$18,302	$56,716

Credit risk related information shall refer to Note XII.

The Group 's receivables (including the bill receivable, account receivable and other receivable) adopts the expected amount of credit loss during the existence term of the Group to measure the reserve for loss. The amount of reserve for loss is estimated at December 31, 2020 and December 31, 2019. The relevant interpretations are as follows:

(1) The total book amount of bill receivable of NT$ 26,581,000 and NT$ 28,905,000 are not overdue, and the amount of reserve for loss, measured by 0% of the expected credit loss rate, is NT$ 0.

(2) The total book amount of other receivable is NT$ 87,228,000 and NT$ 53,582,000. Among them, the reserve for loss measured at 0%~100% of individual expected credit loss rate is NT$ 1,000,000 and NT$ 1,000,000. The remaining total book amount is not overdue and its expected credit loss rate is 0%.

(3) The total carrying amounts of finance lease receivables were NT$ 46,489,000 and NT$ 48,608,000. The total carrying amount is not overdue with expected credit loss rate 0%.

(4) Account receivable shall be grouped based on the factors such as the counterparty credit rating, region and industry, and adopts the reserve matrix to measure the reserve for losses. Relevant information is as follows:

2020.12.31

	Not overdue	Overdue days					Total
		Within 30 days	31-60 days	61-90 days	91-120 days	Over 120 days	
Total book amount	$1,002,925	$98,296	$14,142	$4,288	$596	$298,456	$1,418,703
Loss ratio (%)	0%	1%	2%	5%	10%	20%-100%	
Expected credit loss during the term of existence	-	983	283	214	60	278,382	279,922
Book value	$1,002,925	$97,313	$13,859	$4,074	$536	$20,074	$1,138,781

2019.12.31

	Not overdue	Overdue days					Total
		Within 30 days	31-60 days	61-90 days	91-120 days	Over 120 days	
Total book amount	$886,408	$149,467	$33,068	$10,386	$5,997	$293,886	$1,379,212
Loss ratio (%)	0%	1%	2%	5%	10%	20~100%	
Expected credit loss during the term of existence	-	1,495	661	519	600	248,066	251,341
Book value	$886,408	$147,972	$32,407	$9,867	$5,397	$45,820	$1,127,871

Change information of bill receivable, account receivable and other receivable reserve for loss of the Group on 2020 and 2019 are as below:

	Bill receivable	Account receivable	Other receivables	Finance lease receivable
2020.1.1	$-	$251,341	$1,000	$-
Current increased (recovered) amount	-	18,302	-	-
Offset for unrecoverable	-	(3,000)	-	-
Acquiring through business merger	-	1,007	-	-
Exchange rate change	-	12,272	-	-

2020.12.31	$-	$279,922	$1,000	$-
2019.1.1	$-	$228,717	$1,000	$-
Current increased (recovered) amount	-	56,716	-	-
Offset for unrecoverable	-	(28,834)	-	-
Exchange rate change	-	1,355	-	-
2019.12.31	-	(6,613)	-	-
	$-	$251,341	$1,000	$-

24. Operating lease

(1) The Group as the lessee

The Group's major rental assets are land, house and building and machinery. The terms of contracts are between 1 and 20 years.

The effects of lease to the financial conditions, financial performance and cash flow of the Group are as follows:

A. Amount recognized in balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2020.12.31	2019.12.31
Land	$156,593	$161,160
House and building	166,989	32,552
Machinery	1,558	119,567
Total	$325,140	$313,279

The addition to right-of-use property were NT$ 9,141,000 and NT$ 12,410,000 in 2020 and 2019.

(b) Lease liabilities

	2020.12.31	2019.12.31
Lease liabilities	$242,571	$235,887
Current	$25,656	$39,098
Non-current	216,915	196,789

Please refer to note VI. 26(3) financial cost for the interest expense of lease liabilities in 2019; please refer to note XII liquidity risks management for maturity analysis of lease liabilities.

B. The amount recognized in comprehensive profit and loss

Depreciation of right-of-use assets

	2020	2019
Land	$24,358	$13,864
House and building	25,652	11,977
Machinery	472	6,795
Total	$50,482	$32,636

Note: The Group has adopted IFRS 16 since January 1, 2019 and selects not to restate comparative information pursuant to the transitional regulations of IFRS 16

C. The income and expenses of lessee in related with lease activities

	2020	2019
Short-term lease expenses	$33,208	$25,529
Low value assets lease expenses (excluding the short-term low value asset lease expenses)	-	-
Variable lease payment excluded from the measurement of lease liabilities	700	1,392

As of December 31, 2019 and 2020, the short-term lease portfolio promised by the Group and the lease target categories related to the aforementioned short-term lease expenses are all leases of similar property.

In 2020, the Group's rent concession in line with the direct result of the COVID-19 pandemic was NT$2,156,000. It is recognized in other income to reflect changes in lease payments due to applicable practical expedient practices.

D. The cash outflow of lessee in related with lessee and lease activities

The total cash outflow of the Group from lease were NT$ 66,339,000 and NT$ 43,773,000 in 2020 and 2019.

E. Other information regarding lease activities

(a) Variable lease payment

The Group has rented some roofs of building for contract of solar power system construction, including the variable lease payment in connected with revenue of selling solar power, in which the variable lease payment amount is connected with the percentage of power sales revenue. Since such variable lease payment is unsatisfactory to the definition of lease payment, it is excluded from the measurement of assets and liabilities. Each increase of NT$100,000 in the estimated sales amount of the Group in 2020 and 2019 will increase rental expenses of NT$1,000 to NT$26,000 and NT$3,000 to NT$65,000 respectively.

(b) Option for lease extension and lease termination

Some property lease contracts of the Group contain options for lease extension and least termination. As determining the term of lease, the non-cancellable period of right-of-use for subject assets altogether with the period which the Group is reasonably certain to exercise the option for lease extension and the period which the Group is reasonably certain not to exercise the option for lease termination. Such use of option may maximize the flexibility of management contract. Majority options for lease extension and lease termination contained may only be exercised by the Group.
The Group will reevaluate the term of lease if material event or material change occurs after the commencement date (to the extent controllable by the lessee and will affect the decision of the Group whether to exercise the option excluded in term of lease previously determined or not to exercise the option contained in the term of lease as previously determined)

(2) The Group as the leaser (applicable to IFRS 16 related disclosures)

Please refer to note VI.11 for disclosure in related with private owned investment property. Since almost all risks and rewards attributed to the subject assets are not transferred, the private owned investment properties are classified as operating lease. Please refer to note VI.10 for property, plant and equipment lent under operating lease applicable to disclosure of IAS 16.

	2020	2019
Lease income recognized under operating lease		
Fixed lease payment and income in related	$169,101	$160,127

with variable lease payment depending on index or rate		

The total amount of undiscounted lease payment to be collected from and remaining years of operating lease contract signed by the Group as of December 31, 2020 and December 31, 2019.

	2020.12.31	2019.12.31
Less than one year	$ 158,756	$139,740
More than one year but less than two years	142,522	100,741
More than two year but less than three years	98,967	63,634
More than three year but less than four years	77,423	54,173
More than four year but less than five years	66,533	50,063
More than five years	63,727	99,602
Total	$ 607,928	$507,953

25. Staff welfare, depreciation and amortization expense function classification summary sheet is as below:

Nature\Function	2020				2019			
	Operating cost	Operating expense	Non-operating expense	Total	Operating cost	Operating expense	Non-operating expense	Total
Staff welfare expense								
Salary expense	$870,438	$448,604	-	$1,319,042	$925,940	$406,273	$-	$1,332,213
Labor insurance expense	80,820	30,544	-	111,364	91,601	27,630	-	119,231
Pension expense	34,932	22,862	-	57,794	38,261	18,901	-	57,162
Other staff welfare expense	19,792	11,532	-	31,324	25,151	14,006	-	39,157
Depreciation expense	1,057,829	582,802	292,032	63,059	937,893	1,083,386	367,644	204,123
Amortization expense	52,700	42,093	33,182	-	75,275	69,988	37,086	5,587

The Articles of Association of the Group stipulate that if the Group makes profits in the current year, it shall set aside 3-10% as the remuneration for employees and no more than 4% as the remuneration for directors. However, if the Group has accumulated losses, it shall reserve the amount to make up for them firstly. Where the employee remuneration referred to in the preceding paragraph can be paid in cash or stock, the object of the payment may include the employees of the subordinate company who meet certain conditions prescribed by the board of directors. For the information about employee compensation and remuneration approved by the board of directors, please refer to the "Open Information Observation Station" of Taiwan Stock Exchange.

The Group is in the state of loss in 2020 and 2019, so it does not list the remuneration of employees and the remuneration of the board of directors.

26. Non-operating revenue and expense

(1) Other revenue

	2020	2019
Rental revenue	$169,101	$160,127
Dividend revenue	65,332	16,583
Other revenue	156,776	52,691
Total	$391,209	$229,401

(2) Other profits and losses

	2020	2019
Net profit (loss) from disposal of property, plant and equipment	$(17,238)	$74
Profit (loss) from disposal of investment	23,453	(177)
Net foreign currency exchange profit (loss)	(70,499)	80,802
Miscellaneous expense	(245,190)	(145,377)
Financial assets measured at fair value through profit or loss (Note)	78,804	(66,438)
Profit from buy cheap	-	19,359
Impairment loss	(1,362,187)	(9,423)
Total	$(1,592,857)	$(121,180)

(3) Financial cost

	2020	2019
Interest of bank and other borrowings	$148,111	$173,452
Interest payable on corporate bonds	3,464	-
Interest of lease obligations	5,231	5,947
Total	$156,806	$179,399

27. Components of other comprehensive profit or loss

2020

	Current incurrence	Current reclassification adjustment	Other comprehensive profit or loss	Income tax benefit (expense)	After-tax amount
Items not reclassified to profit or loss:					
Defined benefit plan remeasurement amount	$11,079	$-	$11,079	$(5,075)	$6,004
Unrealized evaluation profit or loss of equity instrument investment measured at fair value through other comprehensive profit or loss	(141,220)	-	(141,220)	-	(141,220)
Items possible to be reclassified to profit or loss in the future:					
Exchange difference of financial statements conversion of foreign operating institutes	(73,147)	-	(73,147)	64	(73,083)
Shares of other comprehensive profit or loss of subsidiary, affiliated enterprises and joint venture recognized by equity method	(1,742)	-	(1,742)	-	(1,742)
Total	$(205,030)	$-	$(205,030)	$(5,011)	$(210,041)

2019

	Current incurrence	Current reclassification adjustment	Other comprehensive profit or loss	Income tax benefit (expense)	After-tax amount
Items not reclassified to profit or loss:					
Defined benefit plan remeasurement amount	$(31,875)	$-	$(31,875)	$5,075	$(26,800)
Unrealized evaluation profit or loss of equity instrument investment measured at fair value through other comprehensive profit or loss	(70,218)	-	(70,218)	-	(70,218)
Items possible to be reclassified to profit or loss in the future:					
Exchange difference of financial statements conversion of foreign operating institutes	(95,612)	-	(95,612)	1,847	(93,765)
Shares of other comprehensive profit or loss of subsidiary, affiliated enterprises and joint venture recognized by equity method	(602)	-	(602)	-	(602)
Total	$(198,307)	$-	$(198,307)	$6,922	$(191,385)

28. Income tax

(1) Major components of income tax expense (benefit) in 2020 and 2019 are as below:

Income tax recognized as profit or loss

	2020	2019
Current income tax expense:		
Current income tax payable	$10,536	$22,562
Current income tax of previous year adjusted in current period	(1,491)	5,574
Deferred income tax expense:		

Deferred income tax expenses related to original generation of temporary difference and its recovery	6,189	53,070
Deferred income tax related to original generation and recovery of tax loss and income tax deduction	96,277	354,387
Deferred income tax related to tax rate change or new tax levy	(39,539)	(334,319)
Deferred income tax asset offset (recovery of previous offset)	-	7
Others	$71,972	$101,281
Income tax expense	$10,536	$22,562

Income tax recognized as other comprehensive profit or loss

	2019	2018
Deferred income tax expense (benefit):		
Exchange difference of financial statements conversion of foreign operating institutes	$(64)	$(1,847)
Determine the re-measurement number of the benefit plan	5,075	(5,075)
Income tax related to other comprehensive profit and loss components	5,011	(6,922)

The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2020	2019
Pre-tax loss from continuous operating entity	$(729,755)	$(2,470,201)
Tax calculated according to applicable domestic tax rate of income of relevant country	(832)	(898,931)
Tax-exempt income tax influence number	(46,658)	(25,768)
Non-deductible expense income tax influence number in tax declaration	26,603	29,216
Deferred income tax asset / liability income tax influence number	71,032	971,197
Additional 10% income tax levied on undistributed surplus	2,467	9,956
Basic income tax for profit-making business	3,780	3,112
Effect of different tax rates applicable to individuals operating in other tax jurisdictions	15,832	6,925

Adjustment in current year of current income tax of previous year	(252)	5,574
Total income tax expense recognized as profit or loss	$71,972	$101,281

Deferred income tax asset (liability) balance related to following items:

2020

	Beginning balance	Recognized as profit or loss	Recognized as other comprehensive profit or loss	Combined acquisition	Ending balance
Temporary difference					
Profit(loss) of unrealized foreign currency exchange	$(3,171)	$11,805	$-	$-	$8,634
Loss of unrealized foreign currency exchange	10,213	(2,209)	-	-	8,004
Bad debt reserve recognition	336	247		-	583
Unrealized profit between the affiliated companies	1,921	(1,414)	-	-	507
Unrealized asset depreciation loss	3,602	-	-	-	3,602
Unrealized evaluation gain or loss on financial assets and liabilities	8	(69)	-	-	(61)
Fiscal and tax differences in depreciation	(26,607)	(17,651)	-	-	(44,258)
Net defined benefit liability – non-current	4,676	692	-	-	5,368
Unused tax loss	340,249	(53,838)	-	-	286,411
Remeasurement of defined benefit plan	5,075	-	(5,075)	-	-
Bargain purchase gains	(3,276)	-	-	-	(3,276)
Exchange difference of financial statements conversion of foreign operating institutes	13,984	-	64	-	14,048
Deferred income tax (expense) / benefit		(62,437)	(5,011)	$-	
Deferred income tax asset /	$347,010				$279,562

(liability) net amount					
Information expressed in balance sheet as below:					
Deferred income tax asset	$382,527				$327,157
Deferred income tax liability	$(35,517)				$(47,595)

2019

	Beginning balance	Recognized as profit or loss	Recognized as other comprehensive profit or loss	Combined acquisition	Ending balance
Temporary difference					
Profit(loss) of unrealized foreign currency exchange	$(14,339)	$11,168	$-	$-	$(3,171)
Loss of unrealized foreign currency exchange	9,972	241	-	-	10,213
Bad debt reserve recognition	21,632	(21,296)		-	336
Unrealized profit between the affiliated companies	27,764	(25,843)	-	-	1,921
Year-end bonus	11,961	(11,961)	-	-	-
Unrealized asset depreciation loss	3,602	-	-	-	3,602
Unrealized appraisal gains and losses of financial assets and liabilities	-	8	-	-	8
Fiscal and tax differences in depreciation	(21,058)	(5,549)	-	-	(26,607)
Unrealized fire loss	3,028	(3,028)	-	-	-
Net defined benefit liability – non-current	3,810	866	-	-	4,676
Unused tax loss	360,358	(20,109)	-	-	340,249
Determine the remeasurement number of the benefit plan	-	-	5,075	-	5,075
Cheap purchase benefits	-	(3,276)	-	-	(3,276)
Exchange difference of financial statements conversion of foreign operating institutes	12,137	-	1,847	-	13,984
Deferred income tax (expense) / benefit		$(78,779)	$6,922	$-	

Deferred income tax asset / (liability) net amount	$418,867				$347,010
Information expressed in balance sheet as below:					
Deferred income tax asset	$455,203				$382,527
Deferred income tax liability	$(36,336)				$(35,517)

Unused tax loss information of the Group is summarized as below:

The Company

Incurrence year	Loss amount	Unused balance 2020.12.31	Unused balance 2019.12.31	Final deductible year
2010	$1,258,894	$-	$1,258,894	2020
2011	1,913,163	1,913,163	1,913,163	2021
2012	938,408	938,408	938,408	2022
2013	2,070,277	2,070,277	2,070,277	2023
2014	2,300,611	2,300,611	2,300,611	2024
2015	5,783,839	5,783,839	5,783,839	2025
2016	1,144,980	1,144,980	1,144,980	2026
2017	817,581	817,581	817,581	2027
2018	704,179	701,320	701,320	2028
2019	214,935	214,935	214,935	2029
2020	501,860	501,860	-	2030
Total		$16,386,974	$17,144,008	

Subsidiary: U-tech Technology Co., Ltd.

Incurrence year	Loss amount	Unused balance 2020.12.31	Unused balance 2019.12.31	Final deductible year
2010	$197,635	$-	$162,251	2020
2011	109,721	109,721	109,721	2021
2013	42,790	42,790	42,790	2023
2014	3,363	3,363	3,363	2024
2017	44,682	44,682	44,682	2027
2018	389,149	389,149	389,149	2028

Total		$589,705	$751,956

Subsidiary: Ritdisplay

Incurrence year	Loss amount	Unused balance		Final deductible year
		2019.12.31	2018.12.31	
2010	$465,480	$-	$465,480	2020
2011	394,751	394,751	394,751	2021
2012	245,887	245,887	245,887	2022
2013	547,826	519,724	519,724	2023
2014	333,184	333,184	333,184	2024
2015	41,386	41,386	41,386	2025
2016	33,599	33,599	39,114	2026
2017	32,897	32,897	32,897	2027
2020	3,122	3,122	-	2030
Total		$1,604,550	$2,072,423	

Subsidiary: Prorit

Incurrence year	Loss amount	Unused balance		Final deductible year
		2020.12.31	2019.12.31	
2010	$ 63,372	$-	$ 63,372	2020
2011	47,171	47,171	47,171	2021
2012	48,312	48,312	48,312	2022
2013	23,547	23,547	23,547	2023
Total		$119,030	$182,402	

Subsidiary: Ritfast Corporation

Incurrence year	Loss amount	Unused balance		Final deductible year
		2020.12.31	2019.12.31	
2012	$112,730	$112,730	$112,730	2022
2013	133,761	133,761	133,761	2023
2014	227,601	227,601	227,601	2024
2015	202,405	202,405	202,405	2025
2016	168,792	168,792	168,792	2026
2017	160,906	160,906	160,906	2027

2018	381,544	381,544	381,544	2028
2019	52,311	52,311	52,311	2029
2020	5,297	5,297	-	
Total		$1,445,347	$1,440,050	

Unrecognized deferred income tax asset

As of December 31, 2020 and December 31, 2019, the total amount of deferred income tax asset unrecognized by the Group was respectively NT$ 6,755,162,000 and NT$ 6,238,031,000.

(2) Income tax declaration approval condition

As of December 31, 2020, the income tax declaration approval condition of the Group and domestic subsidiary is as below:

	Income tax declaration approval condition
The Group	Approved to 2018
Subsidiary U-Tech	Approved to 2018
Subsidiary AimCore	Approved to 2018
Subsidiary Ritdisplay	Approved to 2018
Subsidiary Prorit	Approved to 2018

29. Loss per share

The amount of the basic earnings (loss) per share shall be calculated by dividing the current net profit (loss) attributable to the holders of the parent company's ordinary shares by the weighted average number of ordinary shares outstanding in the current period.

As the Group does not issue the dilutive potential ordinary shares, there is no need for the Group to dilute the amount of the basic earnings per share.

	2020	2019
Basic loss per share		
Net loss attributable to common shareholders of the parent company (NT$ 1,000)	$(897,386)	$(2,254,907)
Retroactively adjusted weighted average number of ordinary shares of basic loss per share (1,000	693,680	693,680

shares)		
Basic loss per share (NT$)	$(1.29)	$(3.25)

After the reporting period and before the financial statements were approved for release, there were no other transactions that substantially changed the number of common shares outstanding or potential common shares at the end of the period.

30. Change of subsidiary ownership equity

Acquiring the subsidiary issued share

The Group additionally acquired 0.09% voting share of Ritfast in 2020. The cash consideration paid to non-controlling equity shareholder was NT$ 238,000, and the additional acquired stock equity book amount of Ritfast (originally acquired and excluding the goodwill) was NT$ 241,000; the increase (decrease) amount of relevant equity including the non-controlling equity of Ritfast was as below:

Cash consideration paid by the Group to non-controlling shareholder	$(238)
Non-controlling equity decreased amount	241
Difference of capital surplus recognized in equity	$3

The Group additionally acquired 0.05% voting share of PlexBio in 2020. The cash consideration paid to non-controlling equity shareholder was NT$76,000, and the additional acquired stock equity book amount of PlexBio (originally acquired and excluding the goodwill) was NT$ 104,000; the increase (decrease) amount of relevant equity including the non-controlling equity of PlexBio was as below:

Cash consideration paid by the Group to non-controlling shareholder	$(76)
Non-controlling equity decreased amount	104
Difference of capital surplus recognized in equity	$28

The Group additionally acquired 0.02% voting share of AimCore in 2019. The cash consideration paid to non-controlling equity shareholder was NT$ 125,000, and the additional acquired stock equity book amount of AimCore (originally acquired and excluding the goodwill) was NT$ 521,000; the increase (decrease) amount of relevant equity including the non-controlling equity of AimCore was as below:

Cash consideration paid by the Group to non-controlling shareholder	$(152)
Non-controlling equity decreased amount	270
Difference of capital surplus recognized in equity	$118

The Group additionally acquired 1.28% voting share of HouJu in 2019. The cash consideration paid to non-controlling equity shareholder was NT$ 6,754,000, and the additional acquired stock equity book amount of HouJu (originally acquired and excluding the goodwill) was NT$ 7,240,000; the increase (decrease) amount of relevant equity including the non-controlling equity of HouJu was as below:

Cash consideration paid by the Group to non-controlling shareholder	$(6,754)
Non-controlling equity decreased amount	6,907
Difference of capital surplus recognized in equity	$153

The Group additionally acquired 0.64% voting share of Ritdisplay in 2019. The cash consideration paid to non-controlling equity shareholder was NT$ 30,531,000, and the additional acquired stock equity book amount of Ritdisplay (originally acquired and excluding the goodwill) was NT$ 12,862,000; the increase (decrease) amount of relevant equity including the non-controlling equity of Ritdisplay was as below:

Cash consideration paid by the Group to non-controlling shareholder	$(30,531)
Non-controlling equity decreased amount	13,135
Difference of capital surplus recognized in equity	$(17,396)

The Group additionally acquired 20.55% voting share of CASHIDO in 2019. The cash consideration paid to non-controlling equity shareholder was NT$ 4,031,000, and the additional acquired stock equity book amount of CASHIDO (originally acquired and excluding the goodwill) was NT$ 3,974,000; the increase (decrease) amount of relevant equity including the non-controlling equity of CASHIDO was as below:

Cash consideration paid by the Group to non-controlling shareholder	$(4,031)
Non-controlling equity decreased amount	4,002

Difference of capital surplus recognized in equity	$(29)

The Group additionally acquired 9.20% voting share of Finesil in 2019. The cash consideration paid to non-controlling equity shareholder was NT$ 9,736,000, and the additional acquired stock equity book amount of Finesil (originally acquired and excluding the goodwill) was NT$ 11,161,000; the increase (decrease) amount of relevant equity including the non-controlling equity of Finesil was as below:

Cash consideration paid by the Group to non-controlling shareholder	$(9,736)
Non-controlling equity decreased amount	10,087
Difference of capital surplus recognized in equity	$351

The Group additionally acquired 0.05% voting share of Ritfast Corporation in 2019, resulting in the increase of ownership to 98.85%. The cash consideration paid to non-controlling equity shareholder was NT$ 166,000, and the additional acquired stock equity book amount of Ritfast Corporation (originally acquired and excluding the goodwill) was NT$ 245,705,000; the increase (decrease) amount of relevant equity including the non-controlling equity of Ritfast Corporation was as below:

Cash consideration paid by the Group to non-controlling shareholder	$(166)
Non-controlling equity decreased amount	123
Difference of capital surplus recognized in equity	$(43)

Selling the subsidiary share

The Group sold 4.62% voting share of Ritdisplay in 2020. The cash consideration acquired from non-controlling equity shareholder was NT$ 169,739,000, and the sold stock equity book amount of Ritdisplay was NT$ 92,166,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Ritdisplay was as below:

Cash consideration of the Group acquired from non-controlling shareholder	$118,253
Non-controlling equity increased amount	(125,499)
Difference of capital surplus recognized in equity	$44,240

The Group sold 30.77% voting share of Ricare in 2020. The cash consideration acquired from non-controlling equity shareholder was NT$ 40,000,000, and the sold stock equity book amount of Ricare was NT$ 39,495,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Ricare was as below:

Cash consideration of the Group acquired from non-controlling shareholder	$40,000
Non-controlling equity increased amount	(39,495)
Difference of capital surplus recognized in equity	$505

The Group sold 20.00% voting share of AimEC in 2020. The cash consideration acquired from non-controlling equity shareholder was NT$ 8,000,000, and the sold stock equity book amount of AimEC was NT$ 7,898,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of AimEC was as below:

Cash consideration of the Group acquired from non-controlling shareholder	$8,000
Non-controlling equity increased amount	(7,976)
Difference of capital surplus recognized in equity	$24

The Group sold 4.43% voting share of Ritdisplay in 2019. The cash consideration acquired from non-controlling equity shareholder was NT$ 169,736,000, and the sold stock equity book amount of Ritdisplay was NT$ 81,024,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Ritdisplay was as below:

Cash consideration of the Group acquired from non-controlling shareholder	$169,736
Non-controlling equity increased amount	(120,268)
Difference of capital surplus recognized in equity	$49,468

The Group sold 5.54% voting share of U-tech in 2019. The cash consideration acquired from non-controlling equity shareholder was NT$ 91,307,000, and the sold stock equity book amount of U-tech was NT$ 125,473,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of U-tech was as below:

Cash consideration of the Group acquired from non-controlling shareholder	$91,307
Non-controlling equity increased amount	(122,469)
Difference of capital surplus recognized in equity	$(31,162)

Other

The subsidiary Ricare issued the new stock for capital increase on January 13, 2020, and the Group did not subscribe, thus decreased 19.23% stock equity. The Group acquired capital increase cash was NT$ 95,000,000, and the net asset book amount of Ricare (originally acquired and excluding the goodwill) was NT$ 103,040,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Ricare was as below:

The Group acquired capital increase cash	$95,000
Non-controlling equity book amount	(94,693)
Difference of capital surplus recognized in equity	$307

The subsidiary Ritfast issued the new stock for capital increase on April 17, 2020, and the Group subscribe partially, thus increased 0.23% stock equity. The Group acquired capital increase cash was NT$ 0, and the net asset book amount of Ritfast (originally acquired and excluding the goodwill) was NT$ 321,212,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Ritfast was as below:

The Group acquired capital increase cash	$-
Non-controlling equity book amount	(15)
Difference of capital surplus recognized in equity	$(15)

Subsidiary Ritdisplay bought back 1,000,000 treasury shares on December 24, 2020. As a result, the number of outstanding shares decreased and the group's shareholding ratio increased by 0.87%.
The cash paid for repurchasing the treasury shares of the subsidiary Ritdisplay is NT$51,486,000, and the book value of the net assets of Ritdisplay (originally obtained without goodwill) is NT$21,383,000. The increase (decrease) in the related

equity of Ritdisplay, including non-controlling interests, is as follows:

The Group acquired capital increase cash	$(51,486)
Non-controlling equity book amount	23,641
Difference of capital surplus recognized in equity	$(27,845)

Subsidiary Ritdisplay did not participate in the cash capital increase of subsidiary Xinbao in December 2020, and the Group's shareholding ratio decreased by 21.26%. The carrying amount of the net assets of Xinbao(originally obtained and excluding goodwill) is NT$357,000. The decrease in the related equity of Xinbao including the increase (decrease) of non-controlling interests is as follows:

The Group acquired capital increase cash	`$-
Non-controlling equity book amount	(42)
Difference of capital surplus recognized in equity	$(42)

The subsidiary Ritdisplay issued the new stock for capital increase on January 15, 2019, and the Group did not subscribe, thus decreased 7.72% stock equity. The Group acquired capital increase cash was NT$ 517,979,000, and the net asset book amount of Ritdisplay (originally acquired and excluding the goodwill) was NT$ 205,680,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Ritdisplay was as below:

The Group acquired capital increase cash	$517,979
Non-controlling equity book amount	(343,529)
Difference of capital surplus recognized in equity	$174,450

The subsidiary Finesil issued the new stock for capital increase on June 12, 2019, which was subscribed totally by AimCore, additional 25.55% equity was acquired by the Group. The Group acquired capital increase cash was NT$ 29,896,000, and the net asset book amount of Finesil (originally acquired and excluding the goodwill) was NT$ 976,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Finesil was as below:

The Group acquired capital increase cash	$-
Non-controlling equity book amount	976
Difference of capital surplus recognized in equity	$976

The subsidiary HouJu issued the new stock for capital increase on August 30, 2019, and AimCore and U-tech subscribed NT$ 12,053,000 and NT$ 21,947,000 shares respectively. Accordingly, Aimcore increased 4.10% equity and U-tech reduced 4.10% equity. The Group acquired capital increase cash was NT$ 380,800,000, and the net asset book amount of HouJu (originally acquired and excluding the goodwill) was NT$ 339,292,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of HouJu was as below:

The Group acquired capital increase cash	$-
Non-controlling equity book amount	(11,126)
Difference of capital surplus recognized in equity	$(11,126)

The subsidiary Ricare Corporation issued the new stock for capital increase on September 13, 2019, which was subscribed totally by U-tech. The Group acquired capital increase cash was NT$ 40,000,000, and the net asset book amount of Ricare Corporation (originally acquired and excluding the goodwill) was NT$ 981,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Ricare Corporation was as below:

The Group acquired capital increase cash	$-
Non-controlling equity book amount	981
Difference of capital surplus recognized in equity	$981

The subsidiary CASHIDO issued the new stock for capital increase on September 30, 2019, and RitDisplay subscribed 3,140,000 shares and therefore increased 27.74% equity. The Group acquired capital increase cash was NT$ 23,505,000, and the net asset book amount of CASHIDO (originally acquired and excluding the goodwill) was NT$ 32,877,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of CASHIDO was as below:

The Group acquired capital increase cash	$23,505
Non-controlling equity book amount	(22,761)
Difference of capital surplus recognized in equity	$744

The subsidiary Ritfast Corporation issued the new stock for capital increase on October 25, 2019, and the Group subscribed partially, thus decreased 0.72% stock equity. The Group acquired capital increase cash was NT$ 70,000, and the net asset book amount of Ritfast Corporation (originally acquired and excluding the goodwill) was NT$ 247,383,000; the increase (decrease) amount of reduced relevant equity including the non-controlling equity of Ritfast Corporation was as below:

The Group acquired capital increase cash	$70
Non-controlling equity book amount	(139)
Difference of capital surplus recognized in equity	$(69)

Zhongchuang Technology Co., Ltd. sold 31.03% equity of Cashido Technology 31.03% to RitDisplay on May 28, 2019. Since the Group still has control power over Cashido Technology, the increase of interest in related with Cashido Technology, including the increase (decrease) of non-controlling interest is as follows:

The Group paid capital increase cash	$-
Non-controlling equity increased amount	(10,496)
Difference of capital surplus recognized in equity	$(10,496)

Ritek sold 36.38% equity of Finesil Technology to AimCore on July 1, 2019. Since the Group still has control power over Finesil Technology, the increase of interest in related with Finesil Technology, including the increase (decrease) of non-controlling interest is as follows:

The Group paid capital increase cash	$-
Non-controlling equity increased amount	(1,219)
Difference of capital surplus recognized in equity	$(1,219)

Ritek, U-tech, Aimcor, RitDisplay, Chung-Fu Investments Ltd. and Zhongchuang Technology Co., Ltd. sold 398.08% equity of Ritfast Corporation to Houju on September 26, 2019. Since the Group still has control power over Ritfast Corporation, the increase of interest in related with Ritfast Corporation, including the increase (decrease) of non-controlling interest is as follows:

The Group paid capital increase cash	$-
Non-controlling equity decreased amount	957
Difference of capital surplus recognized in equity	$957

31. Subsidiary with significant non-controlling equity

The financial information of subsidiary with significant non-controlling equity is listed as below:

Non-controlling equity held equity ratio:

Subsidiary name	Company and operation located	2020.12.31	2019.12.31

	region		
U-Tech	Taiwan	66.34%	66.34%
AimCore	Taiwan	75.22%	75.22%
Ritdisplay	Taiwan	44.70%	40.95%

Accumulative balance of significant non-controlling equity:

	2020.12.31	2019.12.31
U-Tech	$1,523,131	$1,523,998
AimCore	1,562,201	1,616,196
Ritdisplay	854,324	724,973

Profit (loss) amortized significant non-controlling equity:

	2020	2019
U-Tech	$71,870	$92,633
AimCore	3,940	(354,238)
Ritdisplay	91,273	16,429

The financial information summary of such subsidiary is provided as below, and this information is based on the amount before elimination between the companies (trading).

Profit and loss summary information of 2020:

	U-Tech	AimCore	Ritdisplay
Operating revenue	$964,940	$795,803	$1,638,051
Current net profit of continuous operating unit	140,564	29,554	207,781
Total comprehensive profit and loss	$98,370	$45,565	$198,135

Profit and loss summary information of 2019:

	U-Tech	AimCore	Ritdisplay
Operating revenue	$1,020,063	$500,566	$1,672,591
Current net profit of continuous operating unit	121,074	(454,024)	53,235
Total comprehensive profit and loss	$137,037	$454,599	$32,293

Information of asset and liability summary on December 31, 2020:

	U-Tech	AimCore	Ritdisplay
Current asset	$1,821,238	$1,336,354	$1,462,186
Non-current asset	3,664,753	1,745,809	2,181,759
Current liability	1,036,299	373,912	901,405
Non-current liability	1,830,482	486,488	748,550

Information of asset and liability summary on December 31, 2019:

	U-Tech	AimCore	Ritdisplay
Current asset	$1,700,747	$1,069,579	$1,132,658
Non-current asset	3,749,890	1,790,400	2,389,521
Current liability	924,054	231,526	892,881
Non-current liability	1,930,773	439,167	790,249

Cash flow summary information of 2020:

	U-Tech	AimCore	Ritdisplay
Operating activity	$176,411	$73,830	$370,441
Investing activity	(42,594)	42,978	6,173
Financing activity	(18,214)	(46,947)	(132,780)
Effects of change in exchange rate	(242)	126	-
Net increase of cash and cash equivalents	$115,361	$69,987	$243,834

Cash flow summary information of 2019:

	U-Tech	AimCore	Ritdisplay
Operating activity	$340,011	$167,134	$258,285
Investing activity	(484,344)	(175,552)	(70,986)
Financing activity	464,264	(147,169)	(2,055)
Effects of change in exchange rate	(5,692)	(1,948)	-
Net increase (decrease) of cash and cash equivalents	$314,239	$(157,535)	$185,244

32. Business merger

Subsidiary-the acquisition of JHEN JHUAN CO., LTD.

In April 2020, the Group participated in the cash capital increase of JHEN JHUAN CO., LTD. (hereinafter referred to as JHEN JHUAN Company) and the acquisition of the shares of JHEN JHUAN Company. The Group obtained a total of 3,000,000 shares, with a shareholding ratio of 31.58%, and the transaction price was NT$75,000,000. In addition, JHEN JHUAN Company held an extraordinary shareholders meeting and re-elected directors and supervisors in the same month. The Group obtained more than half of the board seats and gained control of JHEN JHUAN Company. As the Group has control over JHEN JHUAN Company, JHEN JHUAN is included in the preparation of consolidated financial statements.

The company was founded in Taiwan and is a non-listed OTC company specializing in the production of optical glue, explosion-proof film and other professional processing and punching businesses. The reason for the Group's acquisition of JHEN JHUAN is that the company has expanded the range of products it provides to customers.

The Group chooses to measure the non-controlling interests of JHEN JHUAN Company by fair value.

The fair values of the identifiable assets and liabilities of JHEN JHUAN Company on the acquisition date are as follows:

	Fair value at the acquisition date
Assets:	
Cash and cash equivalents	$51,506
Accounts receivable	96,508
Inventory	35,997
Other current assets	8,476
Real estate, plant and equipment	118,441
Deferred tax assets	425
Other non-current assets	3,076
Subtotal	314,429
Liabilities:	
Short-term loan	$58,708
Accounts payable	26,692

Other current liabilities	11,405
Long term loan	86,841
Other non-current liabilities	4,000
Subtotal	187,646
Identifiable net assets	$126,783

The amount of goodwill of JHEN JHUAN is as follows:

Acquisition consideration	$75,000
Add: the value of non-controlling interests	86,745
Less: the fair value of identifiable net assets	(126,783)
Goodwill	$34,962

Acquisition cash flow	
Acquisition cash transaction cost	$75,000
Net cash obtained from subsidiaries	51,506
Net cash flow of acquisition	$(23,494)

From the date of acquisition to December 31, 2020, JHEN JHUAN's revenue to the Group was NT$ 261,203,000, and the net profit before tax was NT$ 12,346,000. If the merger occurs at the beginning of the year, the Group's revenue from continuing operations in 2020 will be NT$ 6,671,544,000, and the net loss from continuing operations will be NT$ 798,963,000.

Subsidiary-the acquisition of Cashido Technology Co., Ltd.

At the end of May 2019, the Group acquired 31.03% equity in Cashido Technology Co., Ltd., with an investment amount of NT$5,888,000. As the Group has been the single largest shareholder of Cashido Technology since the date of investing in the company, it is included in the consolidated statement as soon as it obtains the control.

The non-controlling interest of Cashido Technology Co., Ltd. is based on the fair value of the identifiable net assets of Cashido Technology Co., Ltd. and is measured in proportion to the proportion of non-controlling interests.

The fair values of the identifiable assets and liabilities of Cashido Technology Co., Ltd. on the acquisition date are as follows:

	Fair value at the acquisition date
Assets:	
Cash and cash equivalents	$150,367
Notes and accounts receivable	35,245
Inventory	21,050
Other current assets	1,946
Real estate, plant and equipment	4,416
Intangible assets	1,926
Other non-current assets	8,507
Subtotal	223,457
Liabilities:	
Short-term loan	$7,000
Notes and accounts payable	21,604
Other payables	53,190
Other current liabilities	33,644
Subtotal	115,438
Identifiable net assets	$108,019

The amount of goodwill of Cashido Technology Co., Ltd. is as follows:

The fair value of the original equity	$32,730
Add: the value of non-controlling interests	75,289
Less: the fair value of identifiable net assets	(108,019)
Goodwill	$-

Acquisition cash flow	
Net cash obtained from subsidiaries	$150,367
Number of cash payments	-
Net cash inflow	$150,367

From the date of acquisition to December 31, 2019, Cashido Technology Co., Ltd. generated a net profit of NT$7,535,000 for the continuing business units of the Group. If the merger occurs at the beginning of the year, the income from the continuing operations of the Group will be NT$7,831,656,000, and the net loss from the continuing operations will be NT$2,568,971,000.

Subsidiary-the acquisition of Finesil Technology Co., Ltd.

In June 2019, the Group participated in the cash capital increase of Finesil Technology Co., Ltd. and obtained 25.55% of its equity. The addition of the original shareholding increased the Group's shareholding in Finesil Technology to 61.93%, and the Group has control over it, so it is included in the consolidated statement as soon as the control is obtained.

The non-controlling interest of Finesil Technology Co., Ltd. is based on the fair value of the identifiable net assets of Finesil Technology Co., Ltd. and is measured in proportion to the proportion of non-controlling interests.

The fair values of the identifiable assets and liabilities of Finesil Technology Co., Ltd. on the acquisition date are as follows:

	Fair value at the acquisition date
Assets:	
Cash and cash equivalents	$48,711
Notes and accounts receivable	73,798
Inventory	89,960
Other current assets	27,627
Real estate, plant and equipment	129,892
Other non-current assets	2,107
Subtotal	372,095
Liabilities:	
Short-term loan	76,278
Notes and accounts payable	19,295
Other payables	28,009
Other current liabilities	23,482
Long-term loan	116,357
Other non-current liabilities	6
Subtotal	263,427
Identifiable net assets	$108,668

The amount of goodwill of Finesil Technology Co., Ltd. is as follows:

Acquisition consideration	$29,896

The fair value of the original equity	37,402
Add: the value of non-controlling interests	41,370
Less: the fair value of identifiable net assets	(108,668)
Goodwill	$-

Acquisition cash flow	
Net cash obtained from subsidiaries	$48,711
Number of cash payments	(29,896)
Net cash inflow	$18,815

As of December 31, 2019, since the acquisition date, the income generated by Finesil Technology to the Group was NT$158,086,000, and the net profit before tax was NT$11,775,000. If the merger occurs at the beginning of the year, the revenue of the continuing business unit of the Group for 2019 will be NT$7,927,037,000, and the net loss of the continuing business unit will be NT$2,561,524,000.

VII. Interested party transactions

Interested party traded with the Group during the financial reporting period is as below:

Interested party name and relationship

Interested party name	Relationship with the Group
Echem Hightech Co., Ltd.	Affiliated enterprise of the Group (the shares were sold in June 2019)
Ricare Corporation	Affiliated enterprise of the Group (lost control in April 2020)
Cashido Corporation	Affiliated enterprise of the Group (obtained control in April 2020)
Luminit Automotive Technologies	Affiliated enterprise of the Group
TOGOWIN TECHNOLOGY CO., LTD.	Affiliated enterprise of the Group (obtained the equity in September 2020)
O-View Technology Co., Ltd.	The subsidiary is the director of corporate juridical person of the company
Ritek Foundation	The Chairman of RITEK is the same person with a director of the company
Han-Win Technology Co., Ltd.	The subsidiary is the director of corporate juridical person of the company

Major transaction between the interested parties

1. Sales

	2020	2019
Affiliated enterprise of the Group		
Luminit Automotive Technologies	$11,029	$13,316
Other interested party		
Ritek Foundation	8,804	28,832
Han-Win Technology Co., Ltd.	450	-
Ricare Corporation	5,303	-
Total	$25,586	$42,148

The selling price of the Group to the interested parties is negotiated in accordance with the general market conditions; when the Group sells to the affiliated enterprises, the collection term shall be similar to the domestic customer, to receive the payment in 90 to 150 days.

2. Purchase

	2020	2019
Affiliated enterprise of the Group		
Echem Hightech Co., Ltd.	$-	$300
Luminit Automotive Technologies	876	1,920
Cashido Corporation	-	103
Subtotal	876	2,323
Other interested party		
O-View Technology	168	15
Total	$1,044	$2,338

There is no significant difference between the trading conditions of the Group's purchase of goods from affiliated enterprises and the general trading conditions. Payment terms are monthly statement 90-120 days after delivery.

3. Account receivable - interested party

	2020.12.31	2019.12.31
Affiliated enterprise of the Group		
Luminit Automotive Technologies	$5,455	$5,188
Ricare Corporation	840	-
TOGOWIN TECHNOLOGY CO., LTD.	202	-
Subtotal	6,497	5,188
Other interested party		
Ritek Foundation	-	2,070
Han-Win Technology Co., Ltd.	669	-
Less: Reserve for loss	-	-
Net amount	$7,166	$7,258

4. Other receivable - interested party (other current assets listed in account)

	2020.12.31	2019.12.31
Affiliated enterprise of the Group		
Luminit Automotive Technologies	$706	$23
Ricare Corporation	582	-
Subtotal	1,288	23
Other interested party		
Ritek Foundation	-	185
Total	$1,288	$208

5. Notes payable - interested party

	2020.12.31	2019.12.31
Affiliated enterprise of the Group		
O-View Technology	$863	$899

6. Account payable - interested party

	2020.12.31	2019.12.31
Affiliated enterprise of the Group		
Ricare Corporation	$185	$-
Cashido Corporation	11	-
Total	$196	$-

7. Lease－related parties

Rental expense

	2020.12.31	2019.12.31
Affiliated enterprise of the Group		
Ricare Corporation	$413	$-

Rental income

	2019	2018
Other interested party		
Luminit Automotive Technologies	$537	$-
Ricare Corporation	837	-
Subtotal	1,374	-
Other interested party		
Ritek Foundation	-	372
Total	$1,374	$372

The term of lease and ways of collecting rent are based on the contract. In general the term of lease if from two to five years and the payment is collected monthly.

8. Reward to main management personnel of the Group

	2120	2019
Short-term staff welfare	$52,869	$52,124
Benefit after retirement	1,014	821
Total	$53,883	$52,945

VIII. Pledged asset

The Group has the following asset as the pledge:

	Book amount		
Item	2020.12.31	2019.12.31	Secured liability

	Book amount		
Item	2020.12.31	2019.12.31	Secured liability
Financial assets measured at fair value through other comprehensive profit or loss	$91,371	$74,884	Bank loan
Account receivable	186,404	185,574	Bank loan
Financial assets measured at amortized cost	279,555	282,270	Bank loan, bond, lease and performance bond
Property, plant and equipment	6,809,981	7,404,891	Short-term notes and bills payable, bank loan and performance bond
Investment property	299,331	267,819	Bank loan
Finance lease receivables	46,488	48,609	Bank loan and performance bond
Right-of-use asset	11,608	12,833	Bank loan
Total	$7,724,739	$8,276,880	

In addition, the Group provides part of the held stock of subsidiary U-Tech, AimCore and Prorit on December 31, 2020 and December 31, 2019 for bank loan guarantee.

IX. Material contingent liabilities and unrecognized contractual commitments

1. The Group issued letter of credit for imported raw material and machinery equipment but not used yet:

Unit: 1,000 dollars

Currency	Amount
US dollar	$410
Japanese yen	860
New Taiwan dollar	2,509

2. The guarantee notes issued by the Group for the purchase of machinery equipment, long-term loans, credit loans for raw materials, lawsuits and issuance of commercial promissory notes are respectively NT$ 2,165,996,000 and US$ 1,260,000. In

addition, the Company will collect NT$ 924,082,000 of guaranteed notes from the manufacturers who purchase goods from the Company and provide labor services to the Company.

3. The guarantee amount by banks to the Group for the loan, imported raw material and national tax bookkeeping is totally NT$ 23,500,000.

4. The Group has entered into the following contracts for the purchase of fixed assets:

Unit: 1,000 dollars

	Total contract price		Paid amount		Unpaid amount	
Prepayments for equipment	NT$	$83,081	NT$	$55,766	NT$	$27,315
Prepayments for equipment	GBP	6,202	GBP	6202	GBP	-
Prepayments for equipment	USD	68,875	USD	34,437	USD	34,438

5. The Company has entered into the license agreement with SANDISC, PIONEER, PANASONIC, ONE BLUE and JVC for the disc and memory card related products, and agreed to pay the royalties to each company based on the sales volume of related products during the validity period of the contract of 5 to 10 years.

6. The premium contracts signed by the subsidiary U-Tech to produce CD-Audio, VIDEO CD DISC and DVD DISCS are listed as below:

Object	Item	Contract period	Premium calculation method
Company A	CD and DVD DISCS technology cooperation	Since 2007.08.01	Sale quantity of products sold in the specifications set forth in the contract
Company B	DVD DISCS technology licensing	2001.06.01-2022.12.31	Sale quantity of products sold in the specifications set forth in the contract
Company C	DVD DISCS technology licensing	2004.07.01-2029.10.01	Sale quantity of products sold in the specifications set forth in the contract
Company D	BD VIDEO DISCS technology licensing	2012.12.01-2022.11.30	Sale quantity of products sold in the specifications set forth in the contract
Company E	BD VIDEO DISCS technology licensing	2011.01.01-2022.12.31	Sale quantity of products sold in the specifications set forth in the contract

7. The premium contracts signed by subsidiary Ritdisplay to produce the organic light emitting diode (OLED) product are listed as below:

Object	Item	Expiring date	Premium calculation method
Company A	Organic light emitting diode (OLED)	December 2023	Certain proportion of product sales volume
Company B	Organic light emitting diode (OLED)	March 2021	Rated premium

8. The amount guaranteed by the bank due to the import of raw materials by the Group is listed below:

	109.12.31
Imported raw materials guarantee	$3,000

X. Major disaster losses

None

XI. Major subsequent matters

None

XII. Miscellaneous

1. Types of Financial Instruments

Financial assets

	2020.12.31	2019.12.31
Financial assets measured at fair value through profit or loss:		
Force to measure at fair value through profit or	$448,877	$322,584

	2020.12.31	2019.12.31
loss		
Financial assets measured at fair value through other comprehensive profit or loss	381,099	532,585
Financial assets measured at amortized cost:		
Cash and cash equivalent (excluding the cash on hand)	4,182,249	4,039,723
Bill receivable	279,555	282,270
Account receivable (including interested party)	26,581	28,905
Other account receivable (including the interested party)	1,138,781	1,127,871
Finance lease receivables	86,228	52,582
Subtotal	46,489	48,608
Total	5,759,883	5,579,959
	$6,589,859	$6,435,128

Financial liabilities

	2019.12.31	2018.12.31
Financial liabilities measured at amortized cost:		
Financial liabilities held for trading	$385	$11,845
Financial assets measured at amortized cost:		
Short-term borrowing (including the short-term notes and bills payable)	1,684,748	1,823,650
Corporate bonds payable (including due within one year)	327,030	-
Notes payable and accounts payable (including the interested party)	672,758	709,127
Other payables	647,196	631,227
Long-term loan (including due within one year)	5,293,406	5,986,466
Lease liabilities	242,571	235,887
Subtotal	8,867,709	9,386,357
Total	$8,868,094	$9,398,202

2. Financial risk management objectives and policies

The Group's financial risk management objectives are mainly to manage the market risks, credit risks and liquidity risks related to its operating activities. The Group shall identify, measure and manage the aforementioned risks according to the group policies and risk preferences.

The Group has established appropriate policies, procedures and internal controls for the foregoing financial risk management in accordance with the relevant regulations, and the important financial activities shall be subject to be reviewed by the board of directors in accordance with relevant regulations and internal control system. During the implementation of the financial management activities, the Group shall indeed comply with relevant regulations for financial risk management.

3. Market risk

The market risk of the Group is Financial Instruments' fair value or cash flow volatility risk caused by market price changes. Market risks mainly include the exchange rate risk, interest rate risk and other price risks (such as the equity Instruments).

In practice, it is rare for the single risk variable to change independently, and the changes of each risk variable are usually correlated. However, the following risk sensitivity analysis does not consider the interaction effect of related risk variables.

<u>Exchange rate risk</u>

The exchange rate risk of the Group is mainly related to its operating activities (when the currency used for revenue or expense is different from the functional currency of the Group) and the net investment of foreign operating institutes.

Partial currency types of foreign currency receivable and foreign currency payable of the Group are the same; at this time, the considerable part shall produce the natural hedge effect; for part of the foreign currency amount, the forward foreign exchange contracts are used to manage the exchange rate risk;

since the natural risk aversion and exchange rate risk management by forward foreign exchange contracts does not conform to the stipulations of the hedge accounting, so the hedge accounting is not adopted; in addition, the net investment of foreign operating institutes is the strategic investment, so the Group did not hedge against it.

The sensitivity analysis of the Group's exchange rate risk mainly focuses on the major foreign currency monetary items on the ending day of the financial reporting period, and its related foreign currency appreciation/depreciation will affect the Group's profit or loss and equity. The Group's exchange rate risk is mainly affected by the exchange rate fluctuations of USD, JPY and EUR, and the sensitivity analysis information is as follows:

(1) When NT$ vs. USD appreciates/depreciates by 1%, the profit or loss of the Group in 2020 and 2019 will decrease/increase by NT$ 57,780,000 and NT$ 57,003,000 respectively.

(2) When NT$ vs. JPY appreciates/depreciates by 1%, the profit or loss of the Group in 2020 and 2019 will increase/decrease by NT$ 1,314,000 and NT$ 1,155,000 respectively.

(3) When NT$ vs. EUR appreciates/depreciates by 1%, the profit or loss of the Group in 2020 and 2019 will decrease/increase by NT$ 3,348,000 and NT$ 3,415,000 respectively.

<u>Interest rate risk</u>

Interest rate risk refers to the fluctuation risk of Financial Instruments' fair value or future cash flows due to the market interest rate change, and the Group's interest rate risk mainly comes from the variable rate investment classified to loans and receivables, fixed rate borrowing, and variable rate borrowing.

The Group manages the interest rate risk by maintaining appropriate combination of fixed and floating interest rates, supplemented by the interest rate swap contract; however, it does not apply the hedge accounting since it does not comply with the hedge accounting requirements.

The sensitivity analysis related to interest rate risk focuses on the critical risk item at the ending day of financial reporting period, including the floating interest rate investment, floating interest rate loan and interest rate swap contract, and assumes to hold for one fiscal year; when the interest rates increase/decrease ten basis points, the profit or loss of the Group in 2020 and 2019 will reduce/increase NT$ 6,699,000 and NT$ 7,528,000.

<u>Equity price risk</u>

The Group holds the listed and unlisted equity securities, whose fair value will be affected by uncertainty of future value of such investment target. The Group held listed and unlisted equity securities are respectively contained in the category of held for trading and available for sale. The Group manages the price risk of equity securities through the diversification in the investment and setting limit for investment for single and whole equity securities. The investment portfolio information of equity securities shall be regularly provided to the management of the Group, and the board of directors shall review and approve all investment decisions of equity securities.

For the listed equity security forced to measure at fair value through profit or loss, when the price of such equity securities increase/decrease by 1%, the profit or loss of the Group will increase/decrease by NT$ 4,489,000 and NT$ 3,107,000 respectively in 2020 and 2019.

For the listed company stock in equity instrument investment measured at fair value through other comprehensive profit or loss, when the price of these equity securities increases/decreases by 1%, the impact on the equity of the Group in 2020 and 2019 is NT$ 1,398,000 and NT$ 1,346,000.

Please refer to Note XII. 9 for sensitivity analysis information of other equity instruments or derivative instruments linked to equity instruments at fair value Level 3.

4. Credit risk management

Credit risk refers to the risk of financial loss arising from the failure of counterparty to perform its obligations under the contract. The Group's credit risk is caused by its operating activities (mainly the accounts receivable and bills) and financial activities (mainly the bank deposits and various financial instruments).

The Group’s each unit manages the credit risk following the policies, procedures and control of credit risk. All of the counterparty credit risk evaluation system considers the counterparty’s financial situation, rating agencies rating, past history and trading experience, current economic environment and the Group’s internal rating standards and other factors. The Group also uses certain credit enhancement tools in the right time (such as the advance payment and insurance, etc.), in order to reduce the specific counterparty credit risk.

Up to December 31, 2020 and December 31, 2019, the top ten customer accounts receivable occupy 38% and 39% of the Group's accounts receivable balance respectively, and the credit concentrated risk of the rest accounts receivable is relatively insignificant.

The accounting department of the Group manages the credit risks of bank deposits, fixed income securities and other financial instruments in accordance with the Group policy. As the trading objects of the Group are determined by the internal control procedures and are the banks with good credit and financial institutions of high investment grade, corporate organizations and government agencies, which have no significant performance doubt, so there are no significant credit risks.

The Group adopts IFRS 9 to evaluate the expected credit loss. Except for loss allowance of accounts receivable measured at lifetime expected credit loss in, all remaining investments in debt instruments not measured at fair value through profit and loss shall be in premise of low credit risk when it was purchased and the methods of measuring loss allowance and loss rate will be determined by if the credit risk is increased significantly after the initial recognition valued on each balance sheet date.

Meanwhile, the Group will write off the financial asset when it is reasonably anticipated unrecoverable (e.g. serious financial difficulty of the issuer or debtor, or is already bankrupt)

The Group will dispose investment on debt instrument with increasing credit risks as appropriate to reduce credit loss. When IFRS 9 is adopted to evaluate credit loss, the forward looking information (available without excess costs or contribution) shall include macroeconomic and industrial information and the loss rate will be further adjusted when the forward-looking information may result in material effects.

5. Liquidity risk management

The Group maintains the financial flexibility through the cash and cash equivalent, liquid securities and bank loan contract. The table below is the summary of the Group's financial liability contract stated payment due, which is prepared according to the earliest date that may be required to pay and based on its undiscounted cash flow; the amount listed also includes the contract interest. To pay the interest cash flow at the floating interest rate, the amount of undiscounted interest is derived from the interest rate curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than one year	Two to three years	Four to five years	More than five years	Total
2020.12.31					
Loan	3,685,849	2,279,638	627,081	394,961	6,987,529
Short-term notes payable	44,951	-	-	-	44,951
Account payable	1,319,754	-	-	-	1,319,754
Convertible corporate bonds	349,900				349,900
Lease liabilities	22,237	41,248	40,676	138,961	243,122
2019.12.31					
Loan	$3,038,985	$3,492,072	$980,088	$452,848	$7,963,993
Short-term notes payable	79,200	-	-	-	79,200
Account payable	1,340,354	-	-	-	1,340,354
Lease liabilities	31,115	46,145	40,394	147,853	265,507

Derivative financial liabilities

	Less than one year	Two to three years	Four to five years	More than five years	Total
2020.12.31					
Total settlement					
Stock					
Inflow	$-	$385	$-	$-	$385
Outflow	-	-	-	-	-
Net amount	$-	$385	$-	$-	$385

	Less than one year	Two to three years	Four to five years	More than five years	Total
2019.12.31					
Total settlement					
Stock					
Inflow	$11,845	$-	$-	$-	$11,845
Outflow	(10,883)	-	-	-	(10,883)
Net amount	$962	$-	$-	$-	$962

6. Liability adjustment from financing activity

2020 liability adjustment information:

	Short-term borrowing	Short-term notes and bills payable	Long-term loan (including due within one year)	Other non-current liability	Lease liabilities	Total liability from financing activity
2020.1.1	$1,744,767	$78,883	$5,986,466	$63,045	$-	$235,887
Cash flow	(163,678)	(33,932)	(779,901)	3,476	323,802	(32,431)
Non-cash flow	58,708	-	86,841	4,000	3,228	39,115
fluctuations in exchange	-	-	-	-	-	-
2020.12.31	$1,639,797	$44,951	$5,293,406	$70,521	$327,030	$242,571

2019 liability adjustment information:

	Short-term borrowing	Short-term notes and bills payable	Long-term loan (including due within one year)	Other non-current liability	Lease liabilities	Total liability from financing activity
2019.1.1	$2,119,882	$250,979	$5,833,972	$55,484	$239,044	$8,499,361
Acquiring through business merger	83,278	-	116,357	6	-	199,641
Cash flow	(458,393)	(172,096)	36,137	7,555	(16,853)	(603,650)
Non-cash flow	-	-	-	-	13,826	13,826
fluctuations in exchange	-	-	-	-	(130)	(130)
2019.12.31	$1,744,767	$78,883	$5,986,466	$63,045	$235,887	$8,109,048

7. Fair value of Financial Instruments

(1) Techniques and assumptions used to evaluate the fair value

Fair value means the price that market participants collect by selling the assets or are required to pay for the transfer of liabilities in the orderly transaction on the measurement day. The methods and assumptions used by the Group to measure or disclose the fair value of financial assets and financial liabilities are as follows:

A. Book amount of cash and cash equivalent, accounts receivable, accounts payable and other current liabilities is the reasonable approximate value of fair value, which is mainly because this kind of instruments have short maturity period.

B. The fair value of financial assets and financial liabilities traded in active markets with standard terms and conditions shall be determined by reference to the market quotation.

C. The equity instrument without active market shall be measured by the amount after deducting the impairment loss from the cost, because there is no public quotation in active market and the fair value cannot be measured reliably.

D. For the debt instruments investment, bank borrowings and other non-current liabilities without active market, the fair value is determined by counterparty quotation or evaluation technology; the evaluation technique is based on the cash flow discount analysis, and the interest rate and discount rate assumptions are mainly based on the information of similar tools.

E. The fair value of derivative financial instruments without active market quotation, including non-option derivative financial instruments, are calculated with the cash flow discount analysis based on counterparty quotation or interest rate curve applicable for the existence period; for the option derivative financial instruments, the fair value is calculated by counterparty quotation, appropriate option pricing model or other evaluation methods.

(2) Fair value of Financial Instruments measured at amortized cost

Except for those listed in the table below, the carrying amounts of some of the Group's financial assets and financial liabilities measured at amortized cost approach their fair value:

	Carrying amount		Fair value	
	109.12.31	108.12.31	109.12.31	108.12.31
Financial liabilities:				
Company debt payable	$327,030	$-	$335,659	$-

(3) Fair value information of Financial Instruments

The fair value information of Financial Instruments of the Group shall refer to Note XII. 9.

8. Derivative financial instruments

As of December 31, 2020, the Group has the following information about derivative financial instruments that are not eligible for hedging accounting.

Embedded derivatives

The embedded derivatives identified by the Group as a result of the issuance and conversion of corporate bonds have been separated from the main contract and treated in a way that is measured at fair value through profit and loss. For contract information about this transaction, please refer to 18 of Note VI.

As of December 31, 2019, the derivatives held for trading by the Group were securities lending transactions.

9. Fair value level

(1) Fair value level definition

All assets and liabilities measured or disclosed at fair value are classified into their fair value levels according to the lowest input value of importance to the overall fair value. Input values of each level are as follows:

Level 1: able to acquire the same assets or liabilities on the measurement day in the active market (unadjusted).

Level 2: directly or indirectly observable input values of assets or liabilities, except those included in Level 1.

Level 3: input values of assets or liabilities not observable.

The classification of assets and liabilities recognized on repeatable basis in the financial statements is reassessed on the end of each reporting period to determine whether the fair value level transfer occurs.

(2) Fair value measurement level information

The Group does not have the assets that are not repeatable as measured by fair value. The fair value level information of repeatable assets and liabilities is listed as follows:

December 31, 2020:

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Measured at fair value through profit or loss				
Financial assets				
Stock	$264,180	$22,563	$-	$286,743
Fund	162,134	-	-	162,134
Measured at fair value through other comprehensive profit or loss				
Equity instrument measured at fair value through other comprehensive profit or loss	136,966	-	244,133	381,099

December 31, 2019:

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Measured at fair value through profit or loss				
Financial assets				
Stock	$137,275	$22,563	$-	$159,838
Fund	162,746	-	-	162,746
Measured at fair value through other comprehensive profit or loss				
Equity instrument measured at fair value through other comprehensive profit or loss	132,820	-	399,765	532,585

<u>Transfer between the first and second levels of the fair value hierarchy</u>

Between 2019 and 2020, the Group's assets and liabilities measured by repetitive fair value were not transferred between the first and second tiers of the fair value hierarchy.

Details of changes in Level 3 of repeatable fair value hierarchy

Where the assets and liabilities measured by the Group 's repeated fair value are at Level 3 of the fair value hierarchy, the adjustment of the balance from the beginning to the end of the period is listed as follows:

	Measured at fair value through other comprehensive profit or loss
	Stock
January 1, 2020	$399,765
Total profit (loss) recognized in 2020	
Recognized as other comprehensive profit or loss (recognized as "unrealized evaluated profit or loss in equity instrument investment at fair value through other comprehensive profit or loss")	(128,833)
2020 acquisition/issuance	1,400
2020 disposal/liquidation	(4,432)
2020 returned stock for capital reduction	(23,767)
Transfer-in (transfer-out) to Level 3	-
December 31, 2020	$244,133

	Measured at fair value through other comprehensive profit or loss
	Stock
January 1, 2019	$240,050
Total profit (loss) recognized in 2019	
Recognized as other comprehensive profit or loss (recognized as "unrealized evaluated profit or loss in equity instrument investment at fair value through other comprehensive profit or loss")	25,544
2019 acquisition/issuance	175,021

	Measured at fair value through other comprehensive profit or loss
	Stock
2019 disposal/liquidation	-
Returned stock for capital reduction	(40,850)
Transfer-in (transfer-out) to Level 3	-
December 31, 2019	$399,765

In the above total profit (loss) recognized in the profit or loss, the loss related to the held asset as of 2020 and 2019 is respectively NT$ (129,568,000) and NT$ 25,544,000.

Significant unobservable input information at Level 3 of the fair value hierarchy

The significant unobservable input values of the assets measured by Level 3 of the Group's fair value hierarchy as measured by the repeatable fair value are listed in the following table:

December 31, 2020:

	Assessment technique	Major unobservable input value	Quantized information	Relationship between input value and fair value	Sensitivity analysis value relationship between input value and fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive profit and loss					
Stock	Market method	Lack of liquidity discount	30%	The higher the degree of illiquidity is, the lower the fair value estimates	When the percentage of lack of fluidity increases (decreases) 1%, the equity to the Group shall decrease / increase NT$ 2,441,000
Stock	May simulate	Stock price net	1.344	The higher the	When the multiplier

	the listing of OTC company law (Stock price net value method)	value parameter		multiplier, the higher the fair value	increases (decreases) by 10%, the equity of the Group will increase/decrease NT$2,810,000
Financial liabilities: Measured at fair value through profit and loss					
Measured at fair value through profit and loss	Binary tree convertible bond evaluation model	Volatility	49.35%	The higher the volatility, the higher the fair value estimate	When the volatility increases (decreases) by 1%, the profit and loss to the Group will decrease by NT$ 0.

December 31, 2019:

	Assessment technique	Major unobservable input value	Quantized information	Relationship between input value and fair value	Sensitivity analysis value relationship between input value and fair value
Financial assets: Financial assets measured at fair value through other comprehensive profit and loss					
Stock	Market method	Lack of liquidity discount	30%	The higher the degree of illiquidity is, the lower the fair value estimates	When the percentage of lack of fluidity increases (decreases) 1%, the equity to the Group shall decrease / increase NT$ 3,998,000
Stock	Income approach	Discount rate	10%	The higher the discount rate, the lower the fair value	When the discount rate increases (decreases) 10%, the equity of the group will decrease/increase

NT$573,000

Evaluation process of Level 3 fair value measurement

Investment department of the Group is responsible for the fair value verification, through the independent source data to make the evaluation results close to the market status, confirm the data source is independent, reliable, consistent with other resources, and on behalf of the executable prices, and make the analysis for value changes of assets and liabilities in the remeasurement or reassessment according to the Group accounting policies on every reporting day, to ensure that the evaluation result is reasonable.

(3) Fair value hierarchy information not measured at fair value but necessary to be exposed

December 31, 2020:

	Level 1	Level 2	Level 3	Total
Asset only disclosing the fair value:				
Investment property (refer to Note VI.11)	$-	$-	$958,545	$958,545

December 31, 2019:

	Level 1	Level 2	Level 3	Total
Asset only disclosing the fair value:				
Investment property (refer to Note VI.11)	$-	$-	$958,545	$958,545

10. Information of foreign currency financial assets and liability of the Group with significant influence:

2020.12.31	2019.12.31

	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial asset						
Monetary item:						
USD	$109,018	28.0490	3,057,846	$137,589	29.9560	$4,121,616
JPY	632,146	0.2707	171,122	648,014	0.2747	178,009
EUR	4,057	34.3400	139,317	10,249	33.4400	342,727
Non-monetary item:						
USD	180	28.100	5,071	242	30.0400	7,264
Financial liability						
Monetary item:						
USD	35,202	28.1490	990,901	39,066	30.1160	1,176,512
JPY	144,507	0.2747	39,696	224,294	0.2790	62,511
EUR	4,975	34.7400	172,832	36	33.8400	1,218

Due to the variety of the Group's functional currencies, it is not possible to disclose the exchange profits and losses of monetary financial assets and financial liabilities according to the foreign currency of each significant impact. The foreign currency exchange profit (loss) of the Group in 2020 and 2019 were NT$ (171,187,000) and NT$ (70,499,000) respectively.

The above information is disclosed on the basis of foreign currency book amount (converted to functional currency).

11. Capital management

The primary objective of the capital management of the Group is to maintain the sound credit rating and good capital ratio, to support the operation of the Group and the maximization of shareholders' equity. The Group manages and adjusts its capital structure according to the economic situation, and may achieve the purpose of maintaining and adjusting its capital structure by adjusting the dividend payments, returned capital or new shares issuing.

XII. Note disclosures

1. Relevant information of major transactions

(1) Fund loan and others: refer to Schedule 1.

(2) Endorsement for others: refer to Schedule 2.

(3) Held the negotiable security at the end of the period: refer to Schedule 3.

(4) Accumulated buying or selling of same negotiable security reaching NT$ 300 million or more than 20% of paid-in capital: None

(5) Acquired property amount reaching NT$ 300 million or more than 20% of paid-in capital: None

(6) Disposed property amount reaching NT$ 300 million or more than 20% of paid-in capital: None

(7) Amount of purchase and sale with interested party reaching NT$ 100 million or more than 20% of paid-in capital: None

(8) Amount receivable of interested party reaching NT$ 100 million or more than 20% of paid-in capital: refer to Schedule 5.

(9) Engaging in derivative instrument transaction: refer to Note XII.

(10) Others: business relation and important transaction condition and amount between the parent company and subsidiary as well as between the subsidiaries: refer to Schedule 8.

2. Investee related information:

The information regarding investees not in Mainland China over which the Company exercises significant influence, control or control via joint venture directly or indirectly: refer to Schedule 6

3. Mainland China investment information: refer to Schedule 7.

XIV. Department information

For the purpose of management, the Group mainly divides the operating units based on the geographical differentiation and business division. After the quantitative threshold test, the Group has the following two reporting operating departments:

Storage media department: engaging in the manufacturing, processing and sales of CD and memory cards.

Organic light emitting diode department: engaging in the manufacturing, processing and trading of OLED.

Other departments: engaging in the import and export trading business and other businesses transferred to investment.

The management level is the operating result of individual supervised business unit, for the decision making of resource allocation and performance evaluation. Department performance is evaluated according to the pre-tax profit and loss, and the accounting policies of reporting department are the same with the important accounting policy summary of the Group. However, the income tax of consolidated financial statements is managed on the basis of the Group, and is not amortized to the operating department.

Transfer pricing between the operating departments is based on the routine transactions similar to those with external third party.

1. Information of reporting department profit and loss, asset and liability

2020

	Storage media department	OLED department	Reporting department subtotal	Other department	Adjustment and elimination	The Group total
Revenue						
Revenue from external customer	$3,918,123	$1,636,573	$5,554,696	$1,023,513	$-	$6,578,209
Revenue between departments	2,369,065	1,478	2,370,543	68,659	(2,439,202)	-
Total revenues	6,287,188	1,638,051	7,925,239	1,092,172	(2,439,202)	6,578,209
Department loss (profit)	$528,489	$(212,652)	$315,837	$324,272	$161,618	$801,727

2019

	Storage media department	OLED department	Reporting department subtotal	Other department	Adjustment and elimination	The Group total
Revenue						
Revenue from external customer	$5,303,724	$1,671,970	$6,975,694	$803,429	$-	$7,779,123
Revenue between departments	3,231,577	621	3,232,198	199,684	(3,431,882)	-
Total revenues	8,535,301	1,672,591	10,207,892	1,003,113	(3,431,882)	7,779,123
Department loss (profit)	$(1,503,044)	$48,489	$(1,454,555)	$(970,194)	$(146,733)	$(2,571,482)

The incomes among departments are eliminated for consolidation and are presented in “adjustment and elimination). The details of all other adjustments and eliminations will be disclosed below.

Following table shows information regarding assets and liabilities of operating departments of the Group as of December 31, 2020 and 2019.

Assets of operating department

	Storage media department	OLED department	Reporting department subtotal	Other department	Adjustment and elimination	The Group total
2020.12.31 department assets	$12,585,370	$3,643,945	$16,229,315	$4,227,768	$(905,414)	$19,551,669
2019.12.31 department assets	$14,742,118	$3,522,179	$18,264,297	$4,869,485	$(2,178,392)	$20,955,390

Liabilities of operating department

	Storage media department	OLED department	Reporting department subtotal	Other department	Adjustment and elimination	The Group total
2020.12.31 department liabilities	$7,496,119	$1,649,955	$9,146,074	$1,282,612	$(1,164,963)	$9,263,723
2019.12.31 department liabilities	$9,656,571	$1,683,130	$11,339,701	$1,142,759	$(2,695,321)	$9,787,139

2. Adjustments of reporting department revenue, profit and loss, asset, liability and other significant items

(1) Revenue

	2020	2019
Total reporting department revenues	$7,925,239	$10,207,892
Other department revenue	1,092,172	960,251
Eliminated department revenue	(2,439,202)	(3,389,020)
The Group revenue	$6,578,209	$7,779,123

(2) Profit and loss

	2020	2019
Total reporting department losses	$(245,636)	$(1,354,878)
Other department loss	(322,501)	(968,590)
Reduced department profit	161,618	146,733
Net loss before tax of continuous operating unit	$(729,755)	$(2,470,201)

(3) Asset

	2019.12.31	2018.12.31
Total reporting department assets	$16,229,315	$18,264,297
Other department asset	4,227,768	4,869,485
Eliminated department account receivable	(905,414)	(2,178,392)
The Group department asset	$19,551,669	$20,955,390

(4) Liability

	2020.12.31	2019.12.31
Total reporting department liabilities	$9,146,074	$11,339,701
Other department liability	1,282,612	1,142,759
Eliminated department account payable	(1,164,963)	(2,695,321)
The Group department liability	$9,263,723	$9,787,139

(5) Other significant items

2020

	Reporting department total	Other department	Adjustment	The Group total
Interest revenue	$32,357	$7,707	$(19,109)	$20,955
Interest expense	156,383	19,421	(18,998)	156,806
Capital expense of non-current asset	198,677	121,840	(1,694)	318,823
Depreciation, amortization and other losses	650,084	373,048	(9,964)	1,013,168
Asset impairment	8,346	-	-	8,346

2019

	Reporting department total	Other department	Adjustment	The Group total
Interest revenue	$46,582	$11,998	$(14,004)	$44,576
Interest expense	172,084	20,491	(13,176)	179,399
Capital expense of non-current asset	600,279	37,037	-	637,316
Depreciation, amortization and other losses	1,239,747	515,410	24,596	1,779,753
Asset impairment (profit recovered)	761,606	600,581	-	1,362,187

The adjustment item of capital expense of non-current asset is generated by the building of the general administration office of the Group, and is not included in the information of the department. Other adjustments are not significant.

3. Region classification information

Revenue from external customer:

	2020	2019
Taiwan	$2,300,010	$2,244,330

Asia	3,195,600	3,916,434
America	495,025	795,957
Europe	391,549	500,359
Africa	159,898	257,850
Oceania	17,016	14,177
Other regions	19,111	50,016
Total	$6,578,209	$7,779,123

The revenue is classified based on the customer located region.

Non-current asset:

	2020.12.31	2019.12.31
Taiwan	$9,426,275	$9,655,059
Asia	2,019,200	2,704,366
Europe	1,587	8,815
America	431,765	457,006
Total	$11,878,827	$12,825,246

4. Important customer information

There is no sales amount of single customer of the Group in 2020 and 2019 reaching 10% of net amount of operating revenue, thus there is nothing to disclose.

Attached table 1: Financings Provided

No.	Financier	Counter-party	Fianacial Statement Account	Related-party	Maximum Balance for the year	Ending Balance Approved by the Board of Directors	Actual Amount Drawn Down Ending Balance	Interest Rate Range	Nature of Financing Provided (Note 1)	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financial Limit for Each Counter-party	Limit on Financier's Total Financing
													Name	Value		
0	RITEK Technology	PVNEXT Corporation	Long-term receivables	Yes	$111,000	$85,300	$85,300	2.580%	2	$-	Working capital	$-	None	$-	$602,433 (Note2)	$1,204,867 (Note2)
0	RITEK Technology	RME	Long-term receivables	Yes	70,875	-	-	-	2	-	Working capital	-	None	-	〃	〃
0	RITEK Technology	RVC	Long-term receivables	Yes	452,445	-	-	-	2	-	Working capital	-	None	-	〃	〃
2	Zhongyuan International Venture Capital Co., Ltd	PVNEXT Corporation	Long-term receivables	Yes	80,000	80,000	80,000	2.580%	2	-	Working capital	-	None	-	93,056 (Note3)	93,056 (Note3)
3	Zhongfu Investment	PVNEXT Corporation	Long-term receivables	Yes	40,000	40,000	40,000	2.580%	2	-	Working capital	-	None	-	52,262 (Note3)	52,262 (Note3)

Note 1: As for Nature of Financing Provided, 1 refers to business transaction and 2 refers to short-term financing.
Note 2: The maximum financial limit is not more than 20% of the net value of the Company, and the financial limit for each counter-party is not more than 10% of the net value of the Company.
Note 3: The maximum financial limit is not more than 20% of the net value of counter-party, and the financial limit for each borrowing company is not more than 20% of the counter-party company.

Attached table 2: Collaterals/Guarantee Provided

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/ Guarantee Amounts (Note	Maximum balance accumulated up to the end of this month	Ending Balance	Actual Amount Drawn Down	Amount of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement (%)	Maximum Collateral/ Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in China
		Name	Relationship (Note 2)										
0	RITEK Technology	Zhongyuan Venture Capital	2	$1,807,300	$150,000	$50,000	$50,000	$50,000	0.83	$3,012,167	Y		
0	〃	Zhongfu Investment	2	〃	100,000	50,000	50,000	50,000	0.83	〃	Y		
0	〃	Bolai Technology Co., Ltd.	2	〃	300,000	50,000	-	-	0.83	〃	Y		
0	〃	RVC	2	〃	334,809	176,709	74,223	-	2.93	〃	Y		
0	〃	Laiyang Technology Co.,	2	〃	532,600	239,600	194,636	-	3.98	〃	Y		
1	Hutek Corporation	RITEK Technology	2	205,555	225,000	170,000	170,000	-	24.81	342,592		Y	
2	U-tech Technology Co., Ltd.	Dollars cultural and creative industry company	2	345,893	90,000	40,000	-	-	1.73	691,787	Y		
3	HouJu Energy Development Co., Ltd.	Yuan-Yu Solar Energy Co., Ltd.	5	212,797	50,000	50,000	-	-	4.70	478,794			
4	AimCore Technology Co., Ltd.	Finesil Technology Co.,	2	624,439	186,500	186,500	186,499	-	8.96	1,040,732	Y		

Note 1: Based on "Company Operating Procedures of Endorsement and Guarantee", the total amount of guarantee provided is 50% of the current net value. For each company, the total amount of guarantee provided is 30% of the current r
The endorsement/guarantee amount of Hutek Co., Ltd. shall not exceed 50% of current net worth of Hutek Co., Ltd. Among them, the endorsement/guarantee limit to single enterprise shall not exceed 30% of current net worth of Hu
The endorsement/guarantee amount of U-tech Technology CO., Ltd. shall not exceed 30% of current net worth of U-tech. Among them, the endorsement/guarantee limit to single enterprise shall not exceed 15% of current net worth
The endorsement/guarantee amount of HouJu Energy Development Co., Ltd. shall not exceed 45% of current net worth of HouJu Energy Development Co., Ltd. Among them, the endorsement/guarantee limit to single enterprise shal
The endorsement/guarantee amount of AimCore Technology Co., Ltd. shall not exceed 50% of current net worth of U-tech. Among them, the endorsement/guarantee limit to single enterprise shall not exceed 30% of current net wort

Note 2: The relationship between the collaterals/guarantee provider and the counter-party is as follows:

(1)The company with business transaction
(2)The Company owns directly or indirectly over 50% ownership of the investee company.
(3)The investee company owns directly or indirectly over 50% ownership of the Company。
(4)The Company owns directly or indirectly over 90% ownership of the investee company.
(5)Companies that guarantee each other in accordance with the provisions of the contract between its peers or co-creators based on the needs of undertaking works.
(6)Company that guaranteed by all the contributing shareholders according to the shareholding ratio due to the joint investment relationship.
(7)In accordance with the consumer protection law, the joint guarantee of performance for the sale contract of pre-sale houses among peers.

Notes to the Consolidated Financial Statements of RITEK Technology Co., Ltd. and Its Subsidiaries (Continued)
(Unless otherwise specified, the unit shall be in NT$ 1,000)

Attached Table 3: Marketable securities held (excluding investment subsidiaries, affiliated enterprises and joint venture control part)

Holding Company	Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	End of the year of 2018				Notes
				Shares(1,000)	Carrying Value	Percentage of Ownership(%)	Fair Value	
RITEK Technology	COMPEQ MANUFACTURING CO., LTD.	None	Financial assets at fair value through profit or loss-current	54	$2,349	-	$2,349	
	FOXSEMICON INTEGRATED TECHNOLOGY INC.	〃	〃	47	9,870	-	9,870	
	NN (L) US High Dividend - Y Dis(M) USD	〃	〃	-	2,940	-	2,940	
	Yuanta Taiwan High-yield Leading Company Fund A	〃	〃	1,000	12,590	-	12,590	
	Taishin Strategy Senior Total Return High Yield Bond Fund Inc USD B	〃	〃	300	3,055	-	3,055	
	Taishin Senior Secured High Yield Bond Fund B USD	〃	〃	300	3,052	-	3,052	
	MegaPro Biomedical Co., Ltd.	The chairman of our company is a director of this company	〃	705	22,563	1.46	22,563	
	Hua Nan WE Multi-Asset Fund.	None	〃	200	2,030	-	2,030	
	Capital Moderate Allocation Fund of Funds	〃	〃	150	1,496	-	1,496	
	Amundi TW - US Dollar Core Fixed Income			100	1,027	-	1,027	
	Total				$60,972		$60,972	
	I-Chiun Precision Industry Co., Ltd.	The chairman of our company is a director of this company	Financial assets at fair value through other comprehensive gain and loss-noncurrent	275	$5,341	0.14	$5,341	
	China Television Company, Ltd.	None	〃	188	908	0.12	908	
	Giantplus Technology Co., Ltd.	〃	〃	1,804	21,288	0.41	21,288	
	Sunplus Technology Co., Ltd.	〃	〃	2,904	53,144	0.49	53,144	
	GIGASTORAGE CORPORATION	〃	〃	161	3,490	0.06	3,490	
	Innolux Display Group	〃	〃	1,201	16,941	0.01	16,941	
	Total				$101,112		$101,112	
Zhongyuan Venture Capital	Asia Pacific Investment Grade Government Bond Index Fund(A)	None	Financial assets at fair value through profit or loss-current	200	$2,631	-	$2,631	
	Franklin Templeton SinoAm AI Hi-Tech Fund-			200	1,041	-	1,041	
	Fuh Hwa China New Economy Balance Fund	〃	〃	217	2,091	-	2,091	
	O-BANK NO. 1 REITs	〃	〃	100	970	-	970	
	Total				$6,733		$6,733	
	Legend Crown Investment Ltd.	None	Financial assets at fair value through other comprehensive gain and loss-noncurrent	1,820	$30,239	5.20	$30,239	
	China Television Company, Ltd.	〃	〃	256	1,237	0.17	1,237	
	Huazhi Venture Capital Co., Ltd.	The subsidiary is the legal supervisor of this	〃	16	163	3.26	163	
	O-View Technology Co., Ltd.	The subsidiary is the legal director of this	〃	726	9,308	9.17	9,308	
	Total				$40,947		$40,947	
Zhongfu Investment	O-Bank No.1 Real Estate Investment Trust	None	Financial assets at fair value through profit or loss-current	100	$971	-	$971	
	GREEN RICH TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive gain and loss-noncurrent	27	$0	0.27	$0	
	Mutual-Tek Inducstries Co., Ltd	〃	〃	101	1,064	0.14	1,064	
	True Test Technology Inc.	〃	〃	322	645	1.01	645	
	Total				$1,709		$1,709	
Bolai Technology Co., Ltd.	Han-Win Technology Co.,Ltd.	The subsidiary is the legal director of this company	Financial assets at fair value through other comprehensive gain and loss-noncurrent	1,701	$37,792	14.17	$37,792	
AimCore Technology	Hsin Kuang Steel Company Limited	None	Financial assets at fair value through profit or loss-current	1	$39	-	$39	
	Common stock of Taiwan Semiconductor Manufacturing Co., Ltd.	〃		6	3,180	-	3,180	
	Common stock of FOXSEMICON INTEGRATED TECHNOLOGY INC.	〃		40	8,400	0.05	8,400	
	Common stock of eMemory Technology Inc.	〃		11	6,545	0.01	30	
	Common stock of YAGEO CORPORATION	〃		2	1,036	-	1,036	
	Common stock of COMPEQ MANUFACTURING CO., LTD.	〃		237	10,310	0.02	10,310	
	Common stock of UNITED MICROELECTRONICS CORP.			19	896	-	896	
	Common stock of Hon Hai Precision Industry			81	7,452	-	7,452	
	Common stock of CHILISIN ELECTRONICS			26	2,912	0.01	2,912	
	Common stock of JETBEST CORPORATION		〃	14	382	0.04	382	
	Common stock of KINSUS INTERCONNECT TECHNOLOGY CORP.			29	2,346	0.01	2,346	
					$43,498		$36,983	
	TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E	None	Financial assets at fair value through other comprehensive gain and loss-noncurrent	400	$21,040	0.08	$21,040	
	Common stock of CHENFENG OPTRONICS CORPORATION	〃		3,846	28,096	6.30	28,096	
					$49,136		$49,136	
Laibao Technology Co., Ltd.	Hannstar Display Corp.	None	Financial assets at fair value through profit or loss-current	10	$123	0.00	$123	
	KAIMEI ELECTRONIC CORP.	〃	〃	15	1,374	0.01	1,374	
	FOXSEMICON INTEGRATED TECHNOLOGY INC.	〃	〃	100	21,000	0.12	21,000	
	WISECHIP SEMICONDUCTOR INC.	〃	〃	214	8,784	0.48	8,784	
	Shin Kong Financial Holding Co.,Ltd. Preferred Shares B	〃		1,111	47,051	0.01	47,051	
	DAXIN MATERIALS CORP.	〃		61	5,221	0.06	5,221	
	FENG CHING METAL CORPORATION	〃		14	194	0.03	194	
	U-MING MARINE TRANSPOST CORP.	〃		10	369	0.00	369	
	APO International CO.,Ltd. FORMOSA GLOBAL LOGISTICS CO.	〃		29	863	0.01	863	
	GLOBAL BRANDS MANUFACTURE LTD.	〃		155	3,914	0.03	3,914	
	TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.	〃		23	2,967	0.01	2,967	
	Shin Foong Specialty&Applied Materials Co Ltd	〃		2	297	0.00	297	
	WELLTECH ENERGY INC.			2,222	29,997	5.86	29,997	
	Total				$122,154		$122,154	
	Pancolour Ink Co., Ltd.	None		474	$12,514	1.48	$12,514	
U-tech Technology Co., Ltd.	Manulife Taiwan Dynamic Fund A	None	Financial assets at fair value through profit or loss-current	393	$11,107	-	$11,107	
	UPAMC Global **AIoT** Fund TWD	〃	〃	733	11,488	-	11,488	
	CTBC Hua Win Money Market Fund	〃	〃	451	5,012	-	5,012	
	I-Chiun Precision Industry Co., Ltd.	〃	〃	323	6,266	0.16	6,266	
	Total				$33,873		$33,873	
	PAIHO SHIH HOLDINGS CORPORATION	None	Financial assets at fair value through profit or loss-noncurrent	1,841	$54,862	0.50	$54,862	
	Taiwan Name Plate Co., Ltd.	〃	〃	517	13,965	2.56	13,965	
	Total				$68,827		$68,827	
	Chang Hong Energy Co., Ltd.	None	Financial assets at fair value through other comprehensive gain and loss-noncurrent	500	$5,040	0.41	$5,040	
	HAN-TA Venture Capital	〃	〃	43	1,250	21.55	1,250	
	Wanda Venture Capital Co., Ltd.	〃	〃	5,140	41,748	14.09	41,748	
	Total				$48,038		$48,038	
HouJu Energy Development Co., Lt	Cathay Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss-current	8,029	$100,635	-	$100,635	
	Common stock of Taiwan Semiconductor Manufacturing Co., Ltd.	None	Financial assets at fair value through other comprehensive gain and loss-noncurrent	20	$10,600	-	$10,600	
	Grand Fortune Securities Co.,Ltd			60	615	0.02	615	
	Total				$11,215		$11,215	
Glory Days Services Ltd.	Legend Crown Investment Ltd.	None	Financial assets at fair value through other comprehensive gain and loss-noncurrent	2,352	$57,000	9.80	$57,000	
HouJu Energy Development Co., Lt	Yuan-Yu Solar Energy Co., Ltd.	The subsidiary is the legal supervisor of this company	Financial assets at fair value through other comprehensive gain and loss-noncurrent	3,000	$30,000	5.00	$30,000	
Dollars cultural and creative industr	Universe stars Co., Ltd.	None	Financial assets at fair value through other comprehensive gain and loss-noncurrent	338	$2,853	15.00	$2,853	

Notes to the Consolidated Financial Statements of RITEK Technology Co., Ltd. and Its Subsidiaries (Continue
(Unless otherwise specified, the unit shall be in NT$ 1,000)

Attached table 4: Acquisition or disposed of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital

Company name	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Acquisition		Disposal				Ending balance	
					Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Selling Price	Carrying Cost	Gain (Loss) on Disposal	Shares (in thousand)	Amount
PlexBio, Co., Ltd	Score High	Investment accounted for using equity	(Note1)	(Note1)	-	$ -	14,000	$ 412,230 (Note1)	-	-	($6,040) (Note2)	-	14,000	$ 406,190
Score High	RVC	Investment accounted for using equity	(Note1)	(Note1)	140,279	768,553	19,721	580,609 (Note1)	-	-	(372,060) (Note2)	-	160,000	$ 977,102

Note1: Increase in bonds payable
Note2: Using equity method

Attached Table 5: Purchase and sale of goods from or to related parties reaching NT$ 100 million or more than 20% of the paid-in capital or more

Purchaser/seller	Counter-party	Relationship with the counter-party	Transaction				Differences in transaction terms compared to general transactions and reasons		Notes/accounts receivable (payable)		Notes
			Purchases(sales)	Amount	Percentage of total purchases(sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts	
RITEK Technology	AMI	The company is the ultimate holding company of this company	(Sales)	$(135,494)	2	75 days	None	None	$16,845	1	
	Conrexx	The company is the ultimate holding company of this company	(Sales)	(151,657)	2	75 days	〃	〃	15,525	1	
	Kunshan Kunlai Trade Co., Ltd.	The company is the ultimate holding company of this company	(Sales)	(153,047)	2	60 days	〃	〃	67,399	6	
	Total			$(440,198)	6		〃	〃	$99,769	8	
RITEK Technology	RVC	The company is the ultimate holding company of this company	Purchases	$604,002	11	60~90 days	〃	〃	$62,879	5	
	PlexBio, Co., Ltd.	Invested company accounted for using equity method			0	150 days				0	
					0					5	
Kunlai Trade Co., Ltd.	Hutek Co., Ltd.	Affiliated subsidiary	Purchases		0	90~120 days				-	
Ritdisplay Corporation	Hutek Co., Ltd.	Others	(Sales)	$212,306	4	90 days	The specifications of purchased products	30-90 days for non-	$(153,651)	23	

Note: The method of disclosure is based on sales or purchase, and its relative transactions will not be disclosed separately

Notes to the Consolidated Financial Statements of RITEK Technology Co., Ltd. and Its Subsidiaries (Continued)
(Unless otherwise specified, the unit shall be in NT$ 1,000)

Attached Table 7: Information on the name and location of the invested company (excluding invested companies in China)

Currency unit: 1,000

Investor Company	Investee Company	Location	Main Business activities	Initial investment amount		Held by the company			Current gain (loss) of the investee	Investment gain (loss) recognized by the company	Notes
				Ending of 2018	Ending of 2017	Number of shares (in thousand)	Shareholding rate (%)	Carrying amount			
RITEK Technology	Affluence	B.V.I.	Investment and holding of various production enterprises	$1,198,163	$1,210,982	34,269	100.00	$433,679	$(483)	$(483)	
	ART	B.V.I.	Investment and holding of various production enterprises	838,418	838,418	26,652	100.00	311,632	(64,530)	(64,530)	
	GoldenRiver	U.S.A.	Venture capital investment	13,035	13,035	378	23.14	5,071	-	-	
	Max Online	B.V.I.	Investment and holding of various production enterprises	5,171,711	5,171,711	156,293	100.00	1,059,655	(157,928)	(157,928)	
	RGI	Cayman	Investment and holding of various production enterprises	2,062,912	2,062,912	54,801	100.00	110,225	(41,562)	(41,562)	
	Ritrax	England	Trademark rights company	172,566	174,716	124	14.91	52,350	73	(10,357)	
	Score High	B.V.I.	Investment and holding of various production enterprises	5,752,468	5,579,771	177,608	92.69	659,445	(307,442)	(304,448)	
	Sky Chance	Samoa	Investment and holding of various production enterprises	67,648	67,648	111	100.00	5,082	(34,663)	(34,663)	
	Zhongyuan International Venture Capital Co., Ltd.	Taiwan	Venture capital investment	2,752,607	2,768,482	40,391	100.00	331,693	19,066	19,066	
	Zhongfu Investment Co., Ltd.	Taiwan	General investment	2,417,976	2,447,976	105,851	100.00	55,511	(1,436)	(1,436)	
	PVNEXT Corporation	Taiwan	Manufacturing of electronic components and batteries	901,200	901,200	36,048	43.12	(27,406)	(52,313)	(26,074)	
	Sheng Yuan Biotechnology Co., Ltd.(Original: Heli Energy Co.,	Taiwan	Energy technology	1,000	1,000	100	100.00	984	(2)	(2)	
	AimCore Technology Co., Ltd.	Taiwan	Manufacturing of electronic components	157,248	157,248	14,564	21.27	344,864	19,863	(1,417)	
	Bolai Technology Co., Ltd.	Taiwan	Electronic industry	3,123,997	3,123,997	269,031	85.87	860,689	5,449	(2,313)	
	U-tech Technology Co., Ltd.	Taiwan	Manufacture and marketing of optical	388,917	388,917	32,489	22.26	418,249	116,454	24,300	
	Lai Factory Co., Ltd.	Taiwan	Management consulting industry	43,280	81,000	2,500	19.23	22,386	(359)	(2,483)	
	Laibao Technology Co., Ltd.	Taiwan	Manufacturing and processing of organic light-emitting display	7,786,803	7,812,142	26,729	40.11	740,743	206,554	84,346	
	LaiTsuan Technology Co., Ltd.	Taiwan	Lighting equipment manufacturing	100,000	100,000	10,000	100.00	6,981	(507)	(507)	
	Right In Technology Co.	Taiwan		7,000	7,000	700	70.00	(5,031)	(17,097)	(11,969)	
Zhongfu Investment Co., Ltd.	AimCore Technology	Taiwan	Manufacturing of electronic components	96,015	96,015	2,288	3.34	69,521	19,863		
	Bolai Technology Co., Ltd.	Taiwan	Electronic industry	2,621	2,545	298	0.10	1,034	5,449		
Zhongchuang	Bolai Technology Co., Ltd.	Taiwan	Electronic industry	378,112	378,112	31,063	9.91	106,661	5,449		
	U-Tech Media Corporation	Taiwan	Manufacture and marketing of optical	75,351	75,351	3,778	2.59	80,453	116,454		
AFFLUENCE	Ritrax	Britain	Trademark rights company	994,657	1,006,461	672	80.92	433,429	73		
ART	AMI	USA	Sales of optical discs	423,780	423,780	6,100	100.00	259,895	(44,502)		
RGI	Conrexx	Netherlands	Sales of optical discs	750,610	750,610	12	100.00	100,427	(11,478)		
	Ritrax	Britain	Trademark rights company	63,552	64,160	35	4.17	143	73		
	RME	Germany	Sales of optical discs	391,800	391,800	1,000	100.00	-	68,669		
SCORE HIGH	RVC	Vietnam	Manufacture and marketing of optical	4,826,844	4,246,235	160,000	100.00	977,102	(298,761)		
Kunshan Hutek Co., Ltd.	Kunshan Kunlai Trade Co., Ltd.	China	Sales of optical discs	CNY900	CNY900	1,000	100.00	CNY2,443	CNY2,534		

Attached Table 7: Information on the name and location of the invested company (excluding invested companies in China)

Currency unit: 1,000

Investor Company	Investee Company	Location	Main Business activities	Initial investment amount		Held by the company			Current gain (loss) of the investee	Investment gain (loss) recognized by the company	Notes
				Ending of 2018	Ending of 2017	Number of shares (in thousand)	Shareholding rate (%)	Carrying amount			
Sky Chance	Team Diy	Malaysia	Trading industry	-	62,763	-	0.00	-	-		
	RITEK LATIN AMERICA	America	Sales of paint	4,490	4,490	150	100.00	-	(843)		
Bolai Technology Co., Ltd.	Arlewood	B.V.I.	Investment holding	1,855,410	1,850,407	57,582	100.00	306,607	(2,761)		
	SCORE HIGH	B.V.I.	Investment and holding of various production businesses.	412,230	-	14,000	7.31	406,190	(264,468)		
	Laibao Technology Co., Ltd.	Taiwan	Manufacturing and processing of organic light-emitting display	27,124	37,655	4,083	6.04	140,853	206,554		
	U-tech Technology Co., Ltd.	Taiwan	Manufacture and marketing of optical	11,114	11,114	1,008	0.69	15,866	116,454		
	TOGOWIN TECHNOLOGY CO., LTD.	Taiwan	Electronic industry	50,000	-	641	30.21	50,148	2,132		
Arlewood	Prorit Corporation, Vietnam Ltd.	Vietnam	Electronic industry	$373,614	$368,611	-	100.00	$21,274	$(603)		
Laibao Technology Co., Ltd.	PVNEXT Corporation	Taiwan	Electronic industry								
	Luminit Automotive	Taiwan	Electronic industry	90,000	90,000	3,600	4.31	-	(52,313)		
	Hsin Pao Asset Company	Taiwan	Leasing industry	30,000	30,000	1,350	31.03	27,241	(13,767)		
	CASHIDO Technology Co., Ltd.	Taiwan	Electronic industry	55,000	55,000	5,500	78.74	55,214	6		
				40,996	40,996	3,933	78.66	52,176	5,817		
AimCore Technology Co., Ltd.	AimEC Corporation	Taiwan	Manufacturing and sales of electronic materials, etc.	32,000	40,000	3,200	80.00	29,137	(1,771)		
	U-tech Technology Co., Ltd.	Taiwan	Manufacture and marketing of optical	96,990	102,573	11,304	7.74	125,720	116,454		
	Laibao Technology Co., Ltd.	Taiwan	Electronic industry	-	859	1,053	1.56	35,744	206,554		
	ARMOR INVESTMENT GROUP CORP.	Samoa	Investment holding	207,588	207,588	6,500	100.00	59,721	(15,856)		
	HouJu Energy Development Co., Ltd.	Taiwan	Solar energy	272,177	272,177	26,565	29.18	310,472	81,924		
	Finesil Technology Co., Ltd.	Taiwan	Chemical material manufacturing and	78,155	78,155	8,322	71.13	94,842	8,817		
	JHEN JHUAN CO., LTD.	Taiwan	Optical materials manufacturing and	75,000	-	3,000	31.58	78,417	13,553		
JHEN JHUAN CO., LTD.	Yi Zih Corporation	Taiwan	Electronic material manufacturing and sale	1,000	-	-	100.00	2,175	1,032		
U-tech Technology Co., Ltd.	Dollars cultural and creative industry company	Taiwan	Cultural and creative industries	145,500	145,500	11,257	100.00	95,990	6,042		
	PVNEXT Corporation	Taiwan	Solar cell manufacturing	290,000	290,000	11,600	13.88	-	(52,313)		
	Bolai Technology Co., Ltd.	Taiwan	Electronic industry	23,653	23,653	1,971	0.63	6,516	5,449		
	Laibao Technology Co., Ltd.	Taiwan	Manufacturing and processing of organic light-emitting display	36,111	36,111	4,986	7.48	146,353	206,554		
	Havard Industries Co., Ltd.	Taiwan	Alcoholic Manufacturing	5,000	5,000	500	100.00	3,309	(345)		
	HouJu Energy Development Co., Ltd.	Taiwan	Renewable energy self-use power generation equipment industry	642,860	642,860	64,459	70.82	753,515	81,924		
	Jade Investment Services Ltd.	BVI	Investment holding	106,501	399,051	1,685	100.00	243,304	14,390		
	Ricare Corporation	Taiwan	Management Consulting	40,000	40,000	4,000	30.77	35,820	(10,917)		
HouJu Energy Development Co.,	Houcheng Energy Corporation	Taiwan	Renewable energy self-use power generation equipment industry	1,000	1,000	100	100.00	874	(42)		
	Ritfast Corporation	Taiwan	Renewable energy self-use power generation equipment industry	346,888	276,650	32,725	99.17	345,892	21,348		
Jade Investment Services Ltd.	Glory Days Services Ltd.	BVI	Investment holding	186,981	479,531	3,920	100.00	240,951	14,630		
Glory Days Services Ltd.	U-Tech Media Korea Co., Ltd.	Korea	Manufacture and marketing of optical discs	121,766	121,766	832	100.00	34,577	(1,181)		

Attached Table 8：
1. Information on investments in China

Currency unit:1,000

Investee in China	Main business activities	Paid-in capital	Investment	Accumulated amount of remittance from Taiwan at the beginning of current year	Amount of investment remitted or recovered during		Accumulated amount of remittance from Taiwan at the end of current year	Current profit (loss) of the invested company	Shareholding ratio of the company's investment (direct or indirect)	Investment income (loss) recognised in the current period	Book value of investment at the end of the period	Investment income remitted back to Taiwan as of the current period
					Remitted	Recovered						
Chongqing Xinhua Multimedia Development Co., Ltd.	Blank recording disc, etc	USD12,000	Note 1	$205,918 USD5,880	$-	$-	$205,918 USD5,880	$-	49.00%	$-	$-	$-
Kunshan Hutek Corporation	〃	USD82,000	〃	$2,674,127 USD82,000	$-	$-	$2,674,127 USD82,000	$(6,140)	100.00%	$(6,140)	$685,183	$-
Lilai (Yangzhou) Optoelectronic Technology Co., Ltd.	Solar module	USD65,529	〃	$1,305,615 USD42,600	$-	$-	$1,305,615 USD42,600	$(234,864)	65.01%	$(152,685)	$470,593	$-

Investee in China	Accumulative amount of investment remitted from Taiwan to China at the end of	Investment amount approved by the Investment Commission of the Ministry	Ceiling on investments in China imposed by the Investment Commission of MOEA
Chongqing Xinhua Multimedia Development Co., Ltd.	USD5,880	USD5,880	$3,614,600
Kunshan Hutek Corporation	USD82,000	USD99,400	
Lilai (Yangzhou) Optoelectronic Technology Co., Ltd.	USD42,600	USD43,000	

Note 1: Investment method: investing in China through a third area company (MAXONLINE)

Note 2: The following significant transactions with investee in China directly or indirectly through the third area, with the price, payment terms, unrealized gain(loss):

(1) Purchase (sale) of goods: None.
(2) Property transactions: No significant property transactions.
(3) The ending balance of the notes/bills endorsement guarantee/collateral and its purpose: please refer to Attached Table 2 for details.
(4) The maximum balance, ending balance, interest rate range and total interest for the current period of financing: None.
(5) Other transactions that have a significant impact on the profit(loss) of the current period or the financial situation: None.

Note 3:Recognized in the financial statements verified by the Taiwanese parent company's certified accountant.

Attached Table 8-1: TaiyangHai Technology Co., Ltd.

1. Information on investment in China

Foreign currency unit:1,000

Investee in China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan at the beginning of current year	Amount of investment remitted or recovered during the current period		Accumulated amount of remittance from Taiwan at the end of current year	Current profit (loss) of the invested company	Shareholding ratio of the company's investment (direct or indirect)	Investment income (loss) recognized in the current period	Book value of investment at the end of the period	Investment income remitted back to Taiwan as of the current period
					Remitted	Recovered						
Lilai (Yangzhou) Optoelectronic Technology Co., Ltd.	Solar module	USD65,529	Direct investment	$287,730 USD10,000	$-	$-	$287,730 USD10,000	$(234,864)	15.26%	$(35,840)	$79,863	$-

Investee in China	Accumulative amount of investment remitted from Taiwan to the China at the end of this period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in China imposed by the Investment Commission of MOEA
Lilai (Yangzhou) Optoelectronic Technology Co., Ltd.	USD10,000	USD10,000	$- (Note 1)

Note 1: The amount of investment has exceeded the ceiling on investments in China imposed by the Investment Commission of MOEA due to the continuous loss of PVNEXT Corporation.

Note 2:Recognized in the financial statements verified by the Taiwanese parent company's certified accountant.

Attached Table 8-2: AimCore Technology Co., Ltd.

1. Information on investment in China

Currency unit:1,000

Investee in China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan at the beginning of current year	Amount of investment remitted or recovered during the current period		Accumulated amount of remittance from Taiwan at the end of current year	Current profit (loss) of the invested company	Shareholding ratio of the company's investment (direct or indirect)	Investment income (loss) recognized in the current period	Book value of investment at the end of the period	Investment income remitted back to Taiwan as of the current period
					Remitted	Recovered						
AimCore (Yangzhou) Technology Co., Ltd	production and marketing conducting glass	USD6,500	Note 1	$207,588 USD6,500	$-	$-	$207,588 USD6,500	$(15,856)	100.00%	$(15,856)	$59,721	$-

Investee in China	Accumulative amount of investment remitted from Taiwan to China at the end of this period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in China imposed by the Investment Commission of MOEA
AimCore (Yangzhou) Technology Co., Ltd	USD6,500	USD8,000	$1,248,878

Note 1: Investment method: investing in China through a third area company (ARMOR)

Note 2:Recognized in the financial statements verified by the Taiwanese parent company's certified accountant.

Notes to the Consolidated Financial Statements of RITEK Technology Co., Ltd. and Its Subsidiaries (Continued
(Unless otherwise specified, the unit shall be in NT$ 1,000)

Attached Table 7-3: Bolai Technology Co., Ltd

1. Information on investment in China

Currency unit:1,000

Investee in China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan at the beginning of current year	Amount of investment remitted or recovered during the current period		Accumulated amount of remittance from Taiwan at the end of current year	Current profit (loss) of the invested company	Shareholding ratio of the company's investment (direct or indirect)	Investment income (loss) recognized in the current period	Book value of investment at the end of the period	Investment income remitted back to Taiwan as of the current period
					Remitted	Recovere						
Kunshan Proteck Corporatior	Plastic precision injection	USD45,223	Note 1	$1,480,325 USD45,223	$-	$-	$1,480,325 USD45,223	$2,156	100.00%	$2,156	$285,326	$-

Investee in China	Accumulative amount of investment remitted from Taiwan to China at the end of this period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in China imposed by the Investment Commission of MOEA
Kunshan Proteck Corporatior	USD45,223	USD45,223	$620,484 (Note 2)

Note 1: Investment method: investing in China through a third area company (Arlewood

Note 2: The amount of investment has exceeded the ceiling on investments in China imposed by the Investment Commission of MOEA due to the continuous loss of Prorit Corporati

Note 2:Recognized in the financial statements verified by the Taiwanese parent company's certified accountant.

Attached Table 6: Accounts receivable from related parties reaching NT$ 100 million or more than 20% of paid-in capital:

Company name	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent year	Allowance for bad debts
					Amount	Action taken		
RITEK Technology	Conrexx	The company is the ultimate holding company of this company					$-	-
RITEK Technology	Max Online	Invested company accounted for using equity method				〃	-	-
RITEK Technology	RVC	The company is the ultimate holding company of this company		-		Collecting based on the financial situation of this company	$-	$-
RITEK Technology-Other receivables	RVC	The company is the ultimate holding company of this company		-		〃		-
RITEK Technology	Kunshan Hutek Co., Lt	The company is the ultimate holding company of this company		#DIV/0!		Collecting based on the financial situation of this company		-
RITEK Technology-Long-term receivables	PVNEXT Corporation	Invested company accounted for using equity method		-	-	〃	-	-
RITEK Technology-Long-term receivables	RVC	The company is the ultimate holding company of this company		-	-	〃	-	-
Zhongyuan International Venture Capital Co., Ltd. —Long-term receivables	PVNEXT Corporation	The company is the ultimate holding company of this company		-	-	〃	-	-
Laibao Technology Co., Ltd.	Hutek Corporation	Invested company accounted for using equity method		-	-	〃	-	-
RVC	RITEK Technology	Subsidiary, Invested company accounted for using equity method		-	-	〃	-	-
Hutek Corporation	RITEK Technology	Ourcompany		-	-	〃	-	-
Hutek Corporation	Kunshan Hutek Co., Lt	Subsidiary, Invested company accounted for using equity method		-	-	〃	-	-
Bolai Technology Co.,	RITEK Technology	Parent company		-	-	〃	-	-
Bolai Technology Co., Ltd.-Other receivables	RITEK Technology	Parent company		-	-	〃	-	-
Hutek Corporation	Laibao Technology Co., Ltd.	Other related party		-	-	〃	-	-
AimCore Technology-Lease payments receivable	RITEK Technology	Parent company		-	-	-	-	-

Attached Table 9: Details of the business relations, significant transactions and amounts between the company and its subsidiaries and between the subsidiaries

Number	Company name	Counterpart	Relationship (Note 1)	Transactions			
				Accounts	Amount	1 refers to Assets 2 refers to Operating revenue	Percentage of consolidated total operating revenues or total assets (Note 2)
0	RITEK Technology	AMI	1	Sales revenue	$135,494	2	2%
0	RITEK Technology	Conrexx	1	Sales revenue	151,657	2	2%
0	RITEK Technology	Kunshan Kunlai Trade Co., Ltd.	1	Sales revenue	153,047	2	2%
0	RITEK Technology	RVC	1	Cost of goods sold	604,002	2	9%
0	RITEK Technology	RVC	1	Accounts receivable		1	0%
0	RITEK Technology	RVC	1	Long-term receivables		1	0%
0	RITEK Technology	Bolai Technology Co., Ltd.	1	Cost of goods sold		2	0%
0	RITEK Technology	Bolai Technology Co., Ltd.	1	Accounts payable		1	0%
0	RITEK Technology	PVNEXT Corporation	1	Long-term receivables		1	0%
0	RITEK Technology	AimCore Technology	1	Lease payable		1	0%
1	Laibao Technology Co.,	Kunshan Hutek Corporation	2	Cost of goods sold	212,306	2	3%
1	Laibao Technology Co.,	Kunshan Hutek Corporation	2	Sales revenue	153,651	1	1%
1	Kunshan Kunlai Trade Co., Ltd.	Kunshan Hutek Corporation	2	Sales revenue		2	0%

The disclosure standard requires above NT$100,000,000 for the transaction amount according to the disclosure principle in the attached tables of financial statements.

Note 1: Relationship between transaction company and counterparty is classified into the following two categories:

1. Parent company to subsidiary
2. Subsidiary to parent company

Note 2: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.