Stock Code:2367

Unitech Printed Circuit Board Corporation

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: No. 3, Lane 4, Zhongshan Road, Tucheng District, New Taipei City
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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Unitech Printed Circuit Board Corporation:

Opinion

We have audited the financial statements of Unitech Printed Circuit Board Corporation("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Impairment assessment on non-financial assets

   Please refer to note 4(m) "Summary of Significant Accounting Policies- Impairment of non-financial assets", Note 5 (a) " Major Sources of Accounting Judgements, Estimations and Assumptions of Uncertainty-Impairment Assessment on non-financial Assets", and note 6 (h), (i) and (j) "Description of Estimation of impairment of non-financial assets".

Description of key audit matter:

The Company's overall operation was affected by the epidemic, resulting in a risk which the impairment loss of non-financial assets and the recoverable amount of assets may be lower than the carrying value of assets. The valuation of the impairment loss of assets that are based on the cash flow in the future is subject to the management's judgement. As a result, we need to evaluate the adequacy of the valuation. Therefore, the impairment assessment on non-financial assets is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Assessing the methodology and assumption used by management to determine whether the assets are impaired. Conducting retrospective testing to compare the historical forecast cash flows with actualities to find out if there is the significant difference. Performing sensitivity analysis for the key assumptions which are used in the impairment model with reference to historical forecast cash flows. Consulting with our internal valuation specialist to evaluate the appropriateness of the weighted average cost of capital applied.

2. **Valuation of Inventories**

Please refer to note 4 (g) "Summary of Accounting Policies- Inventories", note 5 (a) "Major Sources of Accounting Judgements, Estimations and Assumptions of Uncertainty- Valuation of inventories", and note 6 (e) "Situation of allocate the impairment of inventories".

Description of key audit matter:

Inventories are measured by the lower of cost and net realizable value accounting. Due to the rapid change of terminal product market, the clients' intention about placing and changing orders for products could be affected. Furthermore, the rapid change also resulted in a risk in which the carrying value of inventories may be higher than its net realizable value, and caused the obsolete stock. Therefore, the valuation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Evaluating the rationality of the policy of making provision to inventories impairment, evaluating the assumption of allowance for inventory valuation of the authorities, and the situation of obsolescence of inventory that has happened in prior periods; confirming whether the Company has undertaken the inventory valuation based on the policy; inspecting the inventory aging report and analyzing the difference in the inventory aging in comparison to prior periods. Understanding and evaluating the management's judgment on the calculation of the net realizable value; testing the appropriateness of the inventory valuation, evaluating the management's calculations of allowance for inventory loss to ensure their appropriateness and considering the adequacy of the Company's disclosures in allowance for inventory valuation.

Other Matter

Part of the Company's investee companies were accounted for by using the equity method based on its financial statements which were audited by other auditors. Our opinion, insofar as it relates to the Company's investee companies are based solely on the report of other auditors. As of December 31, 2020 and 2019, the total assets of investee companies which constituted 6.07% and 5.53% of the Company's total assets, respectively. For the years ended December 31, 2020 and 2019, the profit or loss of subsidiaries and affiliated companies accounted for by using the equity method which constituted 4.13% and (0.85)% of the income which the Company recognized before income tax, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chuang Chun Wei and Wang Chin Sun.

KPMG

Taipei, Taiwan (Republic of China)
March 30, 2021

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unitech Printed Circuit Board Corporation

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 737,633	4	721,920	3
1170	Accounts receivable, net (note 6(c))	3,586,864	19	4,578,646	22
1180	Accounts receivable-related parties (note 7)	1,969	-	7	-
1200	Other receivables, net (note 6(d))	-	-	34,575	-
1210	Other receivables-related parties, net (note 7)	571	-	12,409	-
1220	Current tax assets	391	-	-	-
1310	Inventories (note 6(e))	1,454,912	8	1,850,399	9
1410	Prepayments	71,176	-	73,059	-
1476	Other financial assets-current (note 7 and 8)	52,170	-	52,498	-
1479	Other current assets, others	14,340	-	22,189	-
	Total current assets	5,920,026	31	7,345,702	34
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income non-current (note 6(b))	467,567	2	324,042	2
1550	Investments accounted for using equity method, net (note 6(f)(g))	3,638,739	19	3,965,036	19
1600	Property, plant and equipment (note 6(h) and 8)	8,119,298	43	9,076,124	42
1755	Right-of-use assets (note 6(i))	474,396	3	560,444	3
1780	Intangible assets (note 6(j))	108,442	1	36,371	-
1840	Deferred tax assets (note 6(p))	160,000	1	7,495	-
1915	Prepayments for business facilities (note 9)	80,575	-	87,676	-
1920	Refundable deposits (note8 and 9)	61,612	-	58,448	-
1990	Other non-current assets, others (note 9)	12,097	-	11,438	-
	Total non-current assets	13,122,726	69	14,127,074	66
	Total assets	$ 19,042,752	100	21,472,776	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2110	Short-term notes and bills payable (note 6(k))	$ 69,991	-	-	4
2100	Short-term borrowings (note 6(l) and 8)	172,631	1	737,499	-
2170	Accounts payable	2,194,504	12	2,184,359	10
2180	Accounts payable-related parties (note 7)	849,074	4	399,134	2
2200	Other payables	1,006,623	5	1,379,228	6
2220	Other payables-related parties (note 7)	6,897	-	5,776	-
2230	Current tax liabilities	-	-	331,555	2
2280	Current Lease liabilities (note 6(n))	99,462	1	97,444	-
2322	Current portion of long-term borrowings (note 6(m) and 8)	694,500	4	1,252,000	6
2399	Other current liabilities	8,371	-	12,765	-
	Total current liabilities	5,102,053	27	6,399,760	30
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(m) and 8)	3,472,500	18	2,837,000	13
2570	Deferred tax liabilities (note 6(p))	176,350	1	171,517	1
2580	Non current lease liabilities (note 6(n))	407,326	2	457,680	2
2640	Net defined benefit liability, non-current (note 6(o))	212,723	1	291,613	1
	Total non-current liabilities	4,268,899	22	3,757,810	17
	Total liabilities	9,370,952	49	10,157,570	47
	Equity (note 6(q)):				
3110	Ordinary share	6,194,072	33	6,194,072	29
3200	Capital surplus	2,843,140	15	2,831,974	13
	Retained earnings:				
3310	Legal reserve	306,606	2	133,076	1
3320	Special reserve	174,327	1	157,021	1
3350	Unappropriated earnings	64,399	-	2,180,933	10
	Total retained earnings	545,332	3	2,471,030	12
	Other equity:				
3410	Exchange differences on translation of foreign financial statements	41,694	-	(37,584)	-
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	232,996	1	53,104	-
3491	Other equity, the unearned remuneration of employees	(2,622)	-	(7,543)	-
3445	Gains (losses) on remeasurements of defined benefit	(182,812)	(1)	(189,847)	(1)
	Total other equity	89,256	-	(181,870)	(1)
	Total equity	9,671,800	51	11,315,206	53
	Total liabilities and equity	$ 19,042,752	100	21,472,776	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unitech Printed Circuit Board Corporation

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue, net (note 6(s) and 7)**	$ 13,051,947	100	20,047,921	100
5110	Cost of sales (note 6(e) and 7)	13,107,115	100	15,769,394	79
	Gross profit (loss) from operations	(55,168)	-	4,278,527	21
	Operating expenses:				
6100	Selling expenses and administrative expenses (note 6(o), and 7)	1,240,391	10	1,964,053	10
6300	Research and development expenses (note 6(o))	76,590	1	64,840	-
6450	Expected credit loss (gain) (note 6(c))	-	-	(2,164)	-
	Total operating expenses	1,316,981	11	2,026,729	10
	Net operating income (loss)	(1,372,149)	(11)	2,251,798	11
	Non-operating income and expenses (note 6(f), (g), (u) and 7):				
7101	Interest income	4,468	-	8,463	-
7010	Other income	403,273	3	57,455	-
7020	Other gains and losses, net	(104,518)	(1)	(134,572)	(1)
7050	Finance costs, net	(81,284)	(1)	(108,429)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(420,750)	(3)	131,628	1
	Total non-operating income and expenses	(198,811)	(2)	(45,455)	(1)
	Profit (loss) from continuing operations before tax	(1,570,960)	(13)	2,206,343	10
7951	Less: Income tax expenses (note 6(p))	(134,508)	(1)	471,043	2
	Profit (loss)	(1,436,452)	(12)	1,735,300	8
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	7,499	-	(60,020)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	182,380	1	135,502	1
	Items that may not be reclassified subsequently to profit or loss	189,879	1	75,482	1
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences (on translation of foreign financial statements)	64,067	-	(114,132)	(1)
	Items that may be reclassified subsequently to profit or loss	64,067	-	(114,132)	(1)
8300	**Other comprehensive income, net of tax**	253,946	1	(38,650)	-
	Total comprehensive income	**$ (1,182,506)**	**(11)**	**1,696,650**	**8**
	Basic earnings per share (NT dollars, note 6(r))	**$**	**(2.32)**		**2.80**
	Diluted earnings per share (NT dollars, note 6(r))			**$**	**2.80**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unitech Printed Circuit Board Corporation

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

			Retained earnings			Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on remeasurements of defined benefit	The remuneration of employees	Total equity
Balance at January 1, 2019	$ 6,194,072	2,822,047	67,411	-	947,066	76,548	(87,289)	(129,827)	(16,453)	9,873,575
Profit for the year ended December 31, 2019	-	-	-	-	1,735,300	-	-	-	-	1,735,300
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	(114,132)	135,502	(60,020)	-	(38,650)
Total comprehensive income	-	-	-	-	1,735,300	(114,132)	135,502	(60,020)	-	1,696,650
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	65,665	-	(65,665)	-	-	-	-	-
Special reserve	-	-	-	157,021	(157,021)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(247,763)	-	-	-	-	(247,763)
Changes in equity of associates and joint ventures accounted for using equity method	-	9,927	-	-	(26,093)	-	-	-	8,910	(7,256)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(4,891)	-	4,891	-	-	-
Balance at December 31, 2019	6,194,072	2,831,974	133,076	157,021	2,180,933	(37,584)	53,104	(189,847)	(7,543)	11,315,206
Profit for the year ended December 31, 2020	-	-	-	-	(1,436,452)	-	-	-	-	(1,436,452)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	-	64,067	182,380	7,499	-	253,946
Total comprehensive income	-	-	-	-	(1,436,452)	64,067	182,380	7,499	-	(1,182,506)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	173,530	-	(173,530)	-	-	-	-	-
Special reserve appropriated	-	-	-	17,306	(17,306)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(495,526)	-	-	-	-	(495,526)
Disposal of subsidiaries	-	717	-	-	-	15,211	-	(464)	-	15,464
Changes in equity of associates and joint ventures accounted for using equity method	-	10,449	-	-	6,280	-	-	-	4,921	21,650
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	(2,488)	-	-	(2,488)
Balance at December 31, 2020	**$ 6,194,072**	**2,843,140**	**306,606**	**174,327**	**64,399**	**41,694**	**232,996**	**(182,812)**	**(2,622)**	**9,671,800**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unitech Printed Circuit Board Corporation

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

		2020	2019
Cash flows from operating activities:			
Profit (loss) before tax	$	(1,570,960)	2,206,343
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		1,393,052	1,431,401
Amortization expense		14,016	6,206
Expected credit gain		-	(2,164)
Interest expense		81,284	108,429
Interest revenue		(4,468)	(8,463)
Dividend revenue		(3,918)	(2,559)
Share of loss (profit) associates accounted for using equity method		420,750	(131,628)
Loss on disposal of property, plan and equipment		28	24,931
Loss on disposal of subsidiaries		25,137	-
Other items		727	-
Total adjustments to reconcile profit (loss)		1,926,608	1,426,153
Changes in operating assets and liabilities:			
Accounts receivable		991,782	(322,491)
Accounts receivable-related parties		(1,962)	(7)
Other receivable		34,575	(2,345)
Other receivable-related parties		11,838	(11,745)
Inventories		395,487	(141,189)
Prepayments		1,883	2,437
Other current assets		7,849	55,571
Other current financial assets-current		328	5,781
Accounts payable		10,145	9,924
Accounts payable-related parties		449,940	(142,670)
Other payable		(522,555)	202,734
Other payable- related parties		1,121	2,677
Other current liabilities		(4,394)	(3,432)
Net defined benefit liabilities		(72,376)	(5,926)
Other non-current liabilities		-	(2,895)
Total changes in operating assets and liabilities		1,303,661	(353,576)
Total adjustments		3,230,269	1,072,577

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unitech Printed Circuit Board Corporation

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	2020	2019
Cash inflow generated from operations	1,659,309	3,278,920
Interest received	4,468	8,463
Dividend received	3,918	16,116
Interest paid	(84,679)	(110,184)
Income taxes paid	(56,491)	(47,783)
Net cash flows from operating activities	1,526,525	3,145,532
Cash flows from (used in) investing activities:		
Acquisition from financial assets at fair value through other comprehensive income	-	(170,000)
Disposal of financial assets at fair value through other comprehensive income	-	15,593
Acquisition of property, plant and equipment	(457,563)	(917,775)
Disposal of property, plant and equipment	981	16,325
Increase in refundable deposits	(3,164)	(378)
Acquisition of intangible assets	(84,143)	(2,890)
Disposal of subsidiaries	18,943	-
Decrease (increase) in other non-current assets	(2,603)	2,711
Net cash flows from investing activities	(527,549)	(1,056,414)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	5,677,861	7,605,658
Decrease in short-term borrowings	(6,242,729)	(7,469,804)
Increase in short-term notes and bills payable	69,991	-
Increase from long-term borrowings	4,100,000	3,024,000
Repayments of long-term borrowings	(4,022,000)	(4,450,280)
Payment of lease liabilities	(70,860)	(103,947)
Cash dividends paid	(495,526)	(247,763)
Net cash flows from (used in) financing activities	(983,263)	(1,642,136)
Net (decrease) increase in cash and cash equivalents	15,713	446,982
Cash and cash equivalents at beginning of period	721,920	274,938
Cash and cash equivalents at end of period	$ **737,633**	**721,920**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Unitech Printed Circuit Board Corporation

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

(1) Company history

Unitech Printed Circuit Board Corporation (the "Company") was incorporated on December 31, 1984, with registered address of No. 3, Lane 4, Zhongshan Road, Tucheng District, New Taipei City, Taiwan, as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities of Unitech Printed Circuit Board Corporation (" the Company") are the design, manufacture and sale of PCB.

(2) Approval date and procedures of the financial statements:

The Parent company financial statements was authorized for issue by the Board of Directors on March 30, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	The key amendments to IAS 1 include: ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company' s financial statements.	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities(assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4) (p).

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

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Notes to the Financial Statements

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date； and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

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The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than one year past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

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6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

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When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

When preparing the financial statements of Parent company, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a Parent's ownership interest in a subsidiary that do not result in the loss of control are accunted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and constructions 15~55 years

2) Machinery equipment 3~12 years

3) Office equipment 3~5 years

4) Other equipment 3-5 years

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Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) thehe customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  - the customer designed the asset in a way that predetermines how and for what purpose it will be?used throughout the period of use.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise a extension or termination option; or

5) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Company derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

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Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software 5~10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company' s main types of revenue are explained below.

- Sale of goods–electronic components

  The Company design, manufacture and sale PCB. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

  A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

- Financing components

  The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

- Incremental costs of obtaining a contract

  The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(Continued)

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

- Costs to fulfil a contract

  If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

  1) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

  2) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

  3) the costs are expected to be recovered.

  General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(o) Government grants and government assistance

The Company recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entitie which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(s) Operating segments

The Company discloses the operating segment information in the consolidated financial statement. Therefore, the Company does not disclose the operating segment information in the parent-comapny-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgement of whether the Group has substantive control over its investees

The Group holds 14.42% of the outstanding voting shares of Fulltech Fiber Glass Corp. and is the single largest shareholder of the investee. Although the remaining 85.58% of Fulltech Fiber Glass Corp.'s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Fulltech Fiber Glass Corp.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Fulltech Fiber Glass Corp.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

Since inventory must be measured at the lower of cost and net realizable value, the combined company assesses the amount of inventory due to normal wear and tear, obsolescence, or no market sales value on the reporting date, and offsets the inventory cost to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so there may be major changes due to rapid changes in the industry. Please refer to note 6 (e) for detailed inventory evaluation and estimation.

(b) Impairment of property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to note 6 (h), (i) and (j) for further description of the key assumptions used to determine the recoverable amount.

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(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2020	December 31, 2019
Cash in stock	$	674	447
Demand deposits		736,959	363,710
Time deposits		-	357,763
	$	**737,633**	**721,920**

Please refer to note 6(v) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

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

		December 31, 2020	December 31, 2019
Unlisted common shares	**$**	**467,567**	**324,042**

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

There was no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2020.

During 2019, the Company has sold its listed common shares held as a result of a takeover offer for cash. The shares sold had a fair value of $15,593 thousand and the Company realized a loss of $4,891 thousand, which was recognized as other comprehensive income, and thereafter, was reclassified to retained earnings.

(ii) For credit risk (including the impairment of debt investments) and market risk, please refer to note 6 (v).

(iii) As of December 31, 2020 and 2019， the financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral for its borrowings.

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(c) Notes and trade receivables

	December 31, 2020	December 31, 2019
Notes receivables–measured as amortized cost	$ 3,597,320	4,609,856
Less: Loss allowance	(10,456)	(31,210)
	$ 3,586,864	**4,578,646**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 3,448,802	0.10%	3,426
1 to 90 days past due	139,457	1.68%	2,337
91 to 180 days past due	4,869	29.41%	1,432
181 to 360 days past due	3,417	72.75%	2,486
More than a year	775	100.00%	775
	$ 3,597,320		**10,456**

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 4,330,125	0.08%	3,399
1 to 90 days past due	243,722	0.86%	2,088
91 to 180 days past due	11,221	19.43%	2,180
181 to 360 days past due	4,034	69.14%	2,789
More than a year	20,754	100.00%	20,754
	$ 4,609,856		**31,210**

The movement in the allowance for trade receivables were as follows:

	For the years ended December 31	
	2020	2019
Balance at January 1	$ 31,210	33,374
Impairment losses reversed	-	(2,164)
Amounts written off	(20,754)	-
Balance at December 31	**$ 10,456**	**31,210**

The aforementioned trade receivables of the Company had not been pledged as collateral for its borrowings.

(Continued)

Unitech Printed Circuit Board Corporation
Notes to the Financial Statements

(d) Other receivables

		December 31, 2020	December 31, 2019
Tax refund receivables	$	-	34,575

The company had no other receivables impairment as of December 31, 2020 and 2019.

(e) Inventories

		December 31, 2020	December 31, 2019
Raw materials and consumables	$	244,288	195,458
Work in progress		665,649	958,768
Finished goods		295,833	412,317
Merchandise inventory		249,142	283,856
	$	1,454,912	1,850,399

For the years ended December 31, 2020 and 2019, the Company recognized cost of sales and expense amounted to $13,098,140 thousand and $15,670,117 thousand, respectively. For the years ended December 31, 2020 and 2019, the amounts of loss on valuation of inventories was $8,975 thousand and $99,277 thousand, and recognized as lost of sales.

As of December 31, 2020 and 2019, the Company did not provide any inventories as collateral for its borrowings.

(f) Investments accounted for using equity method

A summary of the Company’s financial information for investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2020	December 31, 2019
Subsidiary	$	3,598,533	3,923,854
Associates		40,206	41,182
	$	3,638,739	3,965,036

(i) Subsidiary

Please refer to Consolidated Financial statements, 2020.

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(ii) Associates

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

		December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	$	**40,206**	**41,182**

In 2020 and 2019, the Company's share of the net income of associates was as follows:

		2020	2019
Attributable to the Company:			
Loss from continuing operations	$	(2,750)	(765)
Other comprehensive (loss) income		983	333
Comprehensive income	$	**(1,767)**	**(432)**

(iii) Guarantee

As of December 31, 2020 and 2019, the Company did not provide any investments accounted as collateral for its borrowings.

(g) Loss control of subsidiaries

(i) Schmidt Scientific Taiwan Ltd.

The Company had sold 57.17% of its shares in Schmidt Scientific Taiwan Ltd. to a third party with a consideration of $18,943 thousand on January 15, 2020. The Company derecognized Schmidt Scientific Taiwan Ltd. from the date of disposal as its subsidiary. The Company derecognized the assets, liabilities and the related equity components of Schmidt Scientific Taiwan Ltd., and recognized a loss on disposal of $25,137 thousand, and recorded it as net gains (losses) on disposal of investment.

Loss of disposal also included the amount $15,464 thousand due to loss control of subsidiaries that reclassified from equity to net gains (losses).

The carrying amount of assets and liabilities of Schmidt Scientific Taiwan Ltd. on the date of disposal was as follow:

(Continued)

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Cash and cash equivalents	$	73,132
Note and trade receivables (Includes related parties)		45,171
Inventories		22,882
Other current assets		10,878
Non-current financial assets at fair value through other comprehensive income		5,985
Property, plant and equipment		63,358
Deferred tax assets		61,662
Other non-current assets		8,423
Short-term borrowings		(36,000)
Note and Trade payables (Includes related parties)		(47,452)
Other current liabilities		(14,786)
Long-term borrowings		(11,391)
Deferred tax liabilities		(114,466)
Net defined benefit liabilities—non-current		(17,312)
Other non-current liabilities		(30)
Carrying amount of net assets	**$**	**50,054**

(h) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019, were as follows:

		Land	Buildings and constructions	Machinery and equipment	Office facilities	Other facilities	Testing equipment	Total
Cost or deemed cost:								
Balance on January 1, 2020	$	407,228	2,547,441	11,607,060	307,242	4,600,193	428,745	19,897,909
Additions		-	-	-	-	-	329,390	329,390
Disposal		-	-	(16,030)	(6,200)	(21,022)	-	(43,252)
Reclassification		-	11,041	379,591	16,383	114,970	(521,985)	-
Balance on December 31, 2020	**$**	**407,228**	**2,558,482**	**11,970,621**	**317,425**	**4,694,141**	**236,150**	**20,184,047**
Balance at January 1, 2019	$	407,228	2,626,284	12,119,537	272,826	4,520,897	1,004,460	20,951,232
Additions		-	30,366	260,618	39,369	149,054	391,247	870,654
Disposal		-	(130,598)	(1,452,402)	(9,084)	(318,155)	-	(1,910,239)
Reclassification		-	21,389	679,307	4,131	248,397	(966,962)	(13,738)
Balance on December 31, 2019	**$**	**407,228**	**2,547,441**	**11,607,060**	**307,242**	**4,600,193**	**428,745**	**19,897,909**
Deprecation and impairments loss:								
Balance on January 1, 2020	$	-	675,195	6,929,253	236,035	2,981,302	-	10,821,785
Deprecation		-	50,215	896,500	19,909	318,583	-	1,285,207
Disposal		-	-	(15,854)	(6,200)	(20,189)	-	(42,243)
Balance at December 31, 2020	**$**	**-**	**725,410**	**7,809,899**	**249,744**	**3,279,696**	**-**	**12,064,749**

(Continued)

Unitech Printed Circuit Board Corporation
Notes to the Financial Statements

	Land	Buildings and constructions	Machinery and equipment	Office facilities	Other facilities	Testing equipment	Total
Balance at January 1, 2019	$ -	754,597	7,436,782	225,415	2,954,938	-	11,371,732
Deprecation	-	50,233	926,013	19,621	331,777	-	1,327,644
Disposal	-	-	-	-	(8,608)	-	(8,608)
Reclassification	-	(129,635)	(1,433,542)	(9,001)	(296,805)	-	(1,868,983)
Balance on December 31, 2019	**$ -**	**675,195**	**6,929,253**	**236,035**	**2,981,302**	**-**	**10,821,785**
Carrying Value:							
Balance on December 31, 2020	**$ 407,228**	**1,833,072**	**4,160,722**	**67,681**	**1,414,445**	**236,150**	**8,119,298**
Balance on December 31, 2019	**$ 407,228**	**1,872,246**	**4,677,807**	**71,207**	**1,618,891**	**428,745**	**9,076,124**
Balance on January 1, 2019	**$ 407,228**	**1,871,687**	**4,682,755**	**47,411**	**1,565,959**	**1,004,460**	**9,579,500**

(i) Guarantee

As of December 31, 2020 and 2019, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings. Please refer to note 8.

(ii) Acquisition of machinery and equipment

The Company calculated capitalization interest rate base on 1.92% and 1.97% for the year 2020 and 2019. The capitalized borrowings related to the acquisition of machinery and equipment were $3,677 thousand and $6,356 thousand, respectively.

(iii) Assets of the Company that have indications of impairment on the reporting date are tested for impairment on the basis of individual assets or their CGUs. According to the test for impairment for 2020, the recoverable amount for an asset or a CGU is higher than its book value. Therefore, the Company did not recognize any impairment loss on property, plant and equipment.

(i) Right-of-use-assets

The Company leases many assets including land and buildings, machinery and equipment and transportation facilities. Information about leases for which the Company as a lease was represented below:

	Land	Buildings and constructions	Office facilities	Transportation facilities	Other assets	Total
Cost:						
Balance at January 1, 2020	$ 441,087	160,738	7,181	36,214	18,981	664,201
Additions	-	2,482	11,758	5,130	3,154	22,524
Disposal	-	(170)	(3,039)	(1,571)	(838)	(5,618)
Balance at December 31, 2020	**$ 441,087**	**163,050**	**15,900**	**39,773**	**21,297**	**681,107**
Balance at January 1, 2019	$ -	-	-	-	-	-
Effect of Retrospective application of IFRS16	436,015	154,357	7,107	33,755	1,942	633,176
Additions	5,072	6,381	74	2,459	12,145	26,131
Disposal	-	-	-	-	(236)	(236)
Transfer from property, plant and equipment	-	-	-	-	5,130	5,130
Balance at December 31, 2019	**$ 441,087**	**160,738**	**7,181**	**36,214**	**18,981**	**664,201**

(Continued)

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		Land	Buildings and constructions	Office facilities	Transportation facilities	Other assets	Total
Accumulated depreciation and impairment losses:							
Balance at January 1, 2020	$	48,627	36,006	4,056	11,735	3,333	103,757
Deprecation for the year		49,260	37,759	3,393	11,448	5,985	107,845
Disposal		-	-	(3,039)	(1,014)	(838)	(4,891)
Balance at December 31, 2020	$	**97,887**	**73,765**	**4,410**	**22,169**	**8,480**	**206,711**
Balance at January 1, 2019	$	-	-	-	-	-	-
Depreciation for the year		48,627	36,006	4,056	11,735	3,333	103,757
Balance at December 31, 2019	$	**48,627**	**36,006**	**4,056**	**11,735**	**3,333**	**103,757**
Carrying amount:							
Balance at December 31, 2020	$	**343,200**	**89,285**	**11,490**	**17,604**	**12,817**	**474,396**
Balance at December 31, 2019	$	**392,460**	**124,732**	**3,125**	**24,479**	**15,648**	**560,444**
Balance at January 1, 2019	$	**-**	**-**	**-**	**-**	**-**	**-**

Assets of the Company that have indications of impairment on the reporting date are tested for impairment on the basis of individual assets or their CGUs. According to the test for impairment for 2020, the recoverable amount for an asset or a CGU is the higher than its book value. Therefore the Company did not recognize any impairment loss on right-or-use assets.

(j) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2020 and 2019, were as follows:

		Computer Software
Costs:		
Balance at January 1, 2020	$	41,311
Additions		84,143
Balance at December 31, 2020	**$**	**125,454**
Balance at January 1, 2019	$	38,421
Additions		2,890
Balance at December 31, 2019	**$**	**41,311**
Accumulated amortization and impairment losses:		
Balance at January 1, 2020	$	4,940
Amortization for the year		12,072
Balance at December 31, 2020	**$**	**17,012**
Balance at January 1, 2019	$	634
Amortization for the year		4,306
Balance at December 31, 2019	**$**	**4,940**

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	Computer Software
Carrying value:	
Balance at December 31, 2020	$ 108,442
Balance at December 31, 2019	$ 36,371
Balance at January 1, 2019	$ 37,787

(i) Amortization and impairment

The amortization of intangible assets and their repairment losses are in clued in the statement of comprehensive income:

	2020	2019
Cost of sales	$ 1,327	-
Operating expense	$ 10,745	4,306

Assets of the Company that have indications of impairment on reporting date are tested for impairment on the basis of individual assets on their CGUs. According to the test for important for 2020, the recoverable amount for an asset or a CGU is higher than its book value. Therefore, the Company did not recognize any impairment loss on intangible assets.

(k) Short-term notes and bills payable

	December 31, 2020		
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Commercial paper payable	The Shanghai Commercial & Savings Bank, LTD.	0.92%	$ 70,000
Less: Prepaid interest			(9)
Total			$ 69,991

As the year of December 31, 2019: None.

(l) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Letters of credit	$ 12,631	17,499
Unsecured bank loans	160,000	720,000
	$ 172,631	737,499
Unused short-term credit lines	$ 3,725,817	2,847,406
Range of interest rates	0.46%~0.98%	0.85%~1.10%

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(m) Long-term borrowings

The details were as follows:

	December 31, 2020			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	1.35%~1.68%	111~112	$ 375,000
Secured bank loans	TWD	1.10%~1.79%	111~114	3,792,000
Less: current portion				(694,500)
Total				$ 3,472,500
Unused long-term credit lines				$ 1,880,000

	December 31, 2019			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	1.45%~2.04%	111	$ 780,000
Secured bank loans	TWD	1.5%~1.95%	111	3,309,000
Less: current portion				(1,252,000)
Total				$ 2,837,000
Unused long-term credit lines				$ 1,270,000

(i) Collateral for long-term borrowings

For the collateral for long-term borrowings, please refer to note (8).

(ii) Borrowings information is as follows:

1) The Company entered into a syndicated credit agreement with financial institutions, dominated by Taishin International Bank Co., Ltd. on April 19, 2016.

a) The syndicated banks of the Syndicated Loan Agreement consist of Taishin International Bank Co., Ltd., Taiwan Cooperative Bank, Chang Hwa Commercial Bank, Ltd., First Commercial Bank and Bank of Kaohsiung Co., Ltd..

i) The amount of total credit lines is USD25,000,000 which is to repay existing financial liabilities and expand working capital.

ii) Period of credit agreement, payment period and the way to repayment.

1. Period: Three years from the first draw-down date.

2. Payment period: The credit lines are used (revolving) during the credit period. But the expiring date of each credit amount cannot exceed the credit period.

3. Way to repayment: The credit line should be repaid, amortized, decreased or cancelled on the basis of the rules of agreement.

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iii) According to the syndicated credit agreement, during the credit period, the Company is based on the second quarter consolidated financial statements and auditor report to calculate and maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, self-owned asset ratio, etc.)

iv) The Company provided the same amount guarantees of promissory notes and the related-parties will be joint guarantors for the credit loan form this agreement.

v) The Group started to use this credit line on May 25, 2016.

vi) The Group repaid all the credit line on May 8, 2019.

2) The Company entered into a syndicated credit agreement with financial institutions, dominated by Bank of Taiwan on March 30, 2017.

a) The syndicated banks of the Syndicated Loan Agreement consist of Bank of Taiwan, Taiwan Business Bank Co., Ltd., Mega International Commercial Bank Co., Ltd., Taiwan Cooperative Bank, Taipei Fubon Commercial Bank Co., First Commercial Bank Ltd., Chang Hwa Commercial Bank, Ltd., Shin Kong Commercial Bank Co., Ltd. Land Bank of Taiwan, Agricultural Bank of Taiwan, and The Shanghai Commercial & Savings Bank, Ltd..

i) The amount of total credit lines is NTD4,500,000,000 which is to repay existing financial liabilities, purchase mechanical equipment, and afford the middle-stage of working fund.

ii) Period of credit agreement, payment period and the way to repayment.

1. Period: Five years from the first draw-down date.

2. Payment period:

a. A type: Credit line of medium-term secured loans is NTD2,800,000,000, which can be used partly but cannot be used by revolving. 6 months from the first draw-down date. After six months, the unused amount will be cancelled automatically and shall not be used.

b. B type: Credit line of medium-term secured loans is NTD1,000,000,000, which can be used partly but cannot be used by revolving. 18 months from the first draw-down date. After 18 months, the unused amount will be cancelled automatically and shall not be used.

c. C type: Credit line of medium-term loans is NTD700,000,000, which can be used partly and can be used by revolving.

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iii) According to the syndicated credit agreement, during the credit period, the Company is based on the second quarter consolidated financial statements and auditor report to calculate and maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, self-owned asset ratio, etc.)

iv) The Company provided the guarantees of promissory notes, mechanical equipment, and buildings and constructions as collaterals for this syndicated credit agreement.

v) The Company started to use this credit line on May 31, 2017.

vi) The Company repaid all credit line on April 30, 2020.

3) The Company entered into a syndicated credit agreement with financial institutions, dominated by Bank of Taiwan on March 31, 2020.

a) The syndicated banks of the Syndicated Loan Agreement consist of Bank of Taiwan, Chang Hwa Commercial Bank, Ltd., Taiwan Business Bank Co., Ltd., Land Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Bank SinoPac Co., Ltd., The Shanghai Commercial & Savings Bank, Ltd., Taipei Fubon Commercial Bank Co., Ltd., Mega International Commercial Bank Co., Ltd..

i) The amount of total credit lines is NTD3,800,000,000 and use for repaying the existing financial liabilities and expanding working capital.

ii) Period of credit agreement, payment period and the way to repayment.

1. Period: Five years from the first draw-down date, but should be used within 6-month from the contract date, otherwise, the 6-month date from the contract date will be deemed as the first draw-down date.

2. Payment period:

a. A type: Credit line of medium-term secured loans is NTD2,900,000,000, which can be used partly but cannot be used by revolving. 6 months from the first draw-down date. After six months, the unused amount will be cancelled automatically and shall not be used.

b. B type: Credit line of medium-term loans is NTD900,000,000, which can be used by revolving.

3. Way to repayment:

a. A type: The date after 18-month from the first-drawn date is the first date of the payment of the principal. The repayment will be divided into eight payments, every six-month is deemed as one payment.

b. B type: The B type borrowing has the revolving credit facility. If the part of credit line expires, the remaining of the credit line could be borrowed further to repay for the original borrowings.

(Continued)

Under any circumstances, the Company should repay all principal, interest, other payables, and expenses which were not repaid on the expiry date of the credit agreement.

iii) According to the syndicated credit agreement, during the credit period, the Company is based on the first, second and third quarters consolidated financial statements and auditor report to calculate and maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, self-owned asset ratio, etc.)

At the year end of December 31, 2020, part of financial ratios cannot match the syndicated agreement. However, it will not be regarded as the default, because the Company will adjust the financial ratios that correspond the agreement after the end of the financial report date.

iv) The Company provided guarantees of promissory notes, mechanical equipment, buildings and constructions as collaterals for this syndicated credit agreement. Besides, the related-parties will be joint guarantors for the credit loan from this agreement.

(n) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 99,462	97,444
Non-current	$ 407,326	457,680

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss was as follows:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Interest on lease liabilities	$ 10,151	11,173
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 5,958	11,328

The amounts recognized in the statement of cash flows for the Company was as follows:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Total cash outflow for leases	$ 86,969	126,448

(i) Real estate leases

The Company leases land and buildings for its office space and employee accommodation. The leases of office space and employee accommodation typically run for 2-10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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The Company expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

(ii) Other leases

The Company leases office facilities, transportations and equipment, with lease terms of one to four years. In some cases, the Company has options transportation to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Company also leases office facilities and parking space with contract terms of one to four years. These leases are short-term and leases of low-value items. The Company has selected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

		December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$	658,758	697,022
Fair value of plan assets		(446,035)	(405,409)
		212,723	291,613
Impact of asset ceiling		-	-
Net defined benefit liabilities	$	**212,723**	**291,613**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $446,035 thousand and $405,409 thousand as of December 31, 2020 and 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

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2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

		2020	2019
Defined benefit obligations at January 1	$	697,022	627,064
Current service costs and interest		25,494	23,900
Remeasurements loss (gain)			
—Actuarial loss (gain) arising from:			
—Financial assumptions		3,576	69,905
Contributions paid by the employer		(67,334)	(23,847)
Defined benefit obligations at December 31	**$**	**658,758**	**697,022**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2020	2019
Fair value of plan assets at January 1	$	405,409	387,876
Interest income		6,625	5,881
Remeasuerments loss (gain)			
—Return on plan assets excluding interest income		10,090	11,554
Contributions paid by the employer		91,245	22,400
Contributions Benefits paid		(67,334)	(22,302)
Fair value of plan assets at December 31	**$**	**446,035**	**405,409**

4) Movements of the effect of the asset ceiling

There were no movements in the number of impacts of the company’s defined benefit plan asset ceiling in 2020 and 2019.

5) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2020	2019
Current service costs	$	13,296	12,927
Net interest of net liabilities for defined benefit obligations		5,573	5,092
	$	**18,869**	**18,019**

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		2020	2019
Operating cost	$	4,900	5,041
Administration expense		13,969	12,978
	$	**18,869**	**18,019**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	1.250 %	1.750 %
Future salary increase rate	0.750 %	0.750 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $18,118 thousand.

The weighted average lifetime of the defined benefits plans is 11 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2020		
Discount rate	(17,580)	18,262
Future salary increasing (decreasing) rate	18,124	(17,531)
December 31, 2019		
Discount rate	(17,655)	21,501
Future salary increasing (decreasing) rate	21,447	(17,690)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

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Notes to the Financial Statements

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $124,447 thousand and $131,593 thousand for the years ended December 31, 2020 and 2019, respectively.

(p) Income tax

(i) Income tax expense

The components of income tax in the years 2020 and 2019 were as follows:

	2020	2019
Current tax expense		
Current period	$ -	342,679
Adjustments for prior periods	13,165	614
	13,165	343,293
Deferred tax expense		
Origination and reversal of temporary differences	(147,673)	127,750
Income tax (gain) expense	**$ (134,508)**	**471,043**

(ii) Reconciliation of income tax and (loss) profit before tax for 2020 and 2019 is as follows:

	2020	2019
Profit (Loss) excluding income tax	**$ (1,570,960)**	**2,206,343**
Income tax using the Company's domestic tax rate	$ (314,192)	441,268
Change in provision prior periods	13,165	55,311
Tax-exempt income	(784)	(512)
Non-deductible expenses	164	2,087
Tax incentives	-	(17,814)
Tax free subsidy income attributed to the epidemic	(70,357)	-
Current-year losses for which no deferred tax asset was recognized	167,114	-
Additional tax on Undistributed earnings	-	9,310
Change in unrecognized temporary differences	1,795	8,152
Others	68,587	(26,759)
Income tax (gain) expense	**$ (134,508)**	**471,043**

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Notes to the Financial Statements

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
Tax effect of deductible Temporary Differences	$ 78,490	76,695
The carryforward of unused tax loss	167,114	-
	$ 245,604	76,695

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Loss carryforward	Others	Total
Deferred Tax Assets:			
Balance at January 1, 2020	$ -	7,495	$ 7,495
Recognized in profit or loss	160,000	(7,495)	152,505
Balance at December 31, 2020	$ 160,000	-	$ 160,000
Balance at January 1, 2019	$ 134,392	853	$ 135,245
Recognized in profit or loss	(134,392)	6,642	(127,750)
Balance at December 31, 2019	$ -	7,495	$ 7,495

	Land revalue added rovaluation	Other	Total
Deferred tax liabilities:			
Balance at January 1, 2020	$ 171,517	-	171,517
Recognized in profit or loss	-	4,833	4,833
Balance at December 31, 2020	$ 171,517	4,833	176,350
Balance at December 31, 2019 (Equal to opening balance)	$ 171,517	-	171,517

(iv) The Corporation' s income tax return for the year 2018 had been examined by the tax authorities.

Unitech Printed Circuit Board Corporation
Notes to the Financial Statements

(q) Capital and other equitiy

As of December 31, 2020, the number of authorized ordinary shares were 700,000 thousand shares (2019: 700,000 thousand shares) with par value of $10 per share. The total value of authorized ordinary shares was amounted to $7,000,000 thousand (2019: $7,000,000 thousand). As of that date, 619,407 thousand (2019: 619,407 thousand) of ordinary shares amounted $6,194,070 thousand (2019: $6,194,070 thousand) were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

(in thousand of shares)

	Ordinary shares	
	2020	**2019**
Balance on January 1	619,407	619,407
Balance on December 31	**619,407**	**619,407**

(i) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	**December 31, 2019**
Share premium	$ 2,675,703	2,675,703
Stock options-fair value differences of associates and joint ventures under equity method	166,550	156,101
Unclaimed dividend	170	170
Disposal of subsidiaries	717	-
	$ 2,843,140	**2,831,974**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

According to the Company's Article, net earnings should be used to offset the prior year's deficits, if any, before paying any income taxes. 10% of retained earnings will be as legal reserve. The rest of the amount and undistributed surplus will be allocated on the basis of the allocation plan proposed by the Board of Directors and submitted to stockholders for approval.

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Notes to the Financial Statements

Due to demand of expanding business, coordinating with Company's long-term financial plan for sustainable development and stable economic development, The Company adopts Residual Dividend Policy. The main purpose for this policy is to measure financial demand that based on budget of future capital. The steps of distributions are as below: (1)The best capital budget. (2) Determine the financing required to meet the capital budget in the preceding paragraph. (3) Determine the amount of financing required to be financed by retained surplus (the remaining can be financed by cash increase or corporate bonds). (4) The remaining surplus can be distributed to shareholders in the form of dividends after retaining an appropriate amount according to operational needs. The distribution of future dividends takes into account the use of funds, and draws up an appropriate ratio of cash to stock dividends for the current year, in which cash dividends are 50% to 100%, and stock dividends are 50% to zero.

1) Legal reserve

When a company incurs no loss, it may pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The Company's "other equity" item under the equity item on December 31, 2019 and 2018, were negative and a resolution was passed during the general meeting of shareholders held on June 9, 2020, and June 12, 2020 made a special surplus reserve of $17,306 thousand and $157,021 thousand, respectively.

As of December 31, 2020 and 2019, the value of special reserve was $174,327 thousand and $157,021 thousand, respectively.

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Unitech Printed Circuit Board Corporation
Notes to the Financial Statements

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 9, 2020 and June 12, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.80	**495,526**	0.40	**247,763**

(iii) other comprehensive income accumulated in reserves, net of tax and non-controlling interest

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Remeasurement of defined benefits plan**	**Unearned employee compensation**	**Total**
Balance at January 1, 2020	$ (37,584)	53,104	(189,847)	(7,543)	(181,870)
Exchange differences on foreign operations:					
The company	64,067	-	-	-	64,067
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:					
The company	-	143,525	-	-	143,525
Subsidiary	-	38,014	-	-	38,014
Associate	-	841	-	-	841
Remeasurement of defines benefits plan:					
The Company	-	-	6,514	-	6,514
Subsidiary	-	-	943	-	943
Associated	-	-	42	-	42
Unearned employee compensation:					
Associated	-	-	-	4,921	4,921
Disposal of investments in equity instruments designated at fair value through other comprehensive income:					
Subsidiary	-	(2,488)	-	-	(2,488)
Disposal of subsidiary	15,211	-	(464)	-	14,747
Balance at December 31, 2020	**$ 41,694**	**232,996**	**(182,812)**	**(2,622)**	**89,256**

Unitech Printed Circuit Board Corporation
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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefits plan	Unearned employee compensation	Total
Balance at January 1, 2019	$ 76,548	(87,289)	(129,827)	(16,453)	(157,021)
Exchange differences on translation of foreign financial statements:					
Subsidiary	(114,132)	-	-	-	(114,132)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:					
The company	-	112,373	-	-	112,373
Subsidiary	-	22,460	-	-	22,460
Associate	-	669	-	-	669
Remeasurement of defined benefits plan:					
The Company	-	-	(58,352)	-	(58,352)
Subsidiary	-	-	(1,628)	-	(1,628)
Associate	-	-	(40)	-	(40)
Unearned employee compensation:					
Associate	-	-	-	8,910	8,910
Disposal of investments in equity instruments designated at fair value through other comprehensive income:					
The Company	-	4,891	-	-	4,891
Balance at December 31, 2019	**$ (37,584)**	**53,104**	**(189,847)**	**(7,543)**	**(181,870)**

(Continued)

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Notes to the Financial Statements

(r) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share as of December 31, 2020 and 2019 as follow:

	2020	2019
Basic earnings per share:		
Profit/(loss) attributable to ordinary shareholders of the Company	$ (1,436,452)	1,735,300
Weighted average number of ordinary shares at (in thousand of shares)	619,407	619,407
	$ (2.32)	2.80
Diluted earnings per share:		
Profit/(loss) attributable to ordinary shareholders of the Company		$ 1,735,300
Weighted average number of ordinary shares (basic)		619,407
Effect of employee share bonus		1,400
Weighted average number of ordinary shares (diluted)		620,807
		$ 2.80

The profit after tax of the Company in 2020 is loss. Therefore, there is no potential diluted ordinary share.

(s) Revenue from contracts with customers

(i) Details of revenue

	2020	2019
Major products/services lines:		
Layer of 2 HDI	$ 218,799	260,760
Layer of 4 HDI	1,635,919	2,267,412
Layer of 6 HDI	2,487,965	2,829,825
Layer of 8 HDI	1,498,841	2,841,584
More than 10 Layers	7,098,660	11,848,340
Others	111,763	-
	$ 13,051,947	20,047,921

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(t) Remuneration to employee and directors

In accordance with the Articles of Incorporation the Company should contribute 1% to 5% of the profit as employee compensation and no more than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

Due to the loss, there is no surplus to be allocated. Therefore, the Company did nor accrue the remuneration to employee and directors in 2020.

For the year ended December 31, 2019, the Company estimated its employee remuneration amounting to $45,000 thousand, and directors' and supervisors' remuneration amounting to $23,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses during 2019. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2019.

(u) Non-operating income

(i) Interest income

The details of interest income were as follows:

		2020	2019
Interest income from bank deposits	$	4,465	8,463
Other interest income		3	-
	$	**4,468**	**8,463**

(ii) Other income

The details of other income were as follows:

		2020	2019
Compensation income		12,773	18,785
Design income		29,658	18,912
Subsidy		352,703	-
Dividend income		3,918	2,559
Others		4,221	17,199
	$	**403,273**	**57,455**

Due to Covid-19, the virus has influenced the Company’s operations. In order to deal with the severe situation, the Company applied for subsidies legally. The amount of subsidies to the Company in 2020 is $351,785 thousand.

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(iii) Other gains and losses

The details of other gains and losses were as follows:

		2020	2019
Foreign exchange losses	$	(73,503)	(90,644)
Losses on disposals of property, plant and equipment		(28)	(24,931)
Losses on disposal of subsidiary		(25,137)	-
Compensation losses		(4,831)	(11,616)
Others		(512)	(7,261)
Miscellaneous disbursements		(507)	(120)
	$	**(104,518)**	**(134,572)**

(iv) Financial costs

The details of finance costs were as follows:

		2020	2019
Interest expense on borrowings	$	(74,810)	(102,886)
Handling fee		-	(726)
Interest expense on lease liabilities		(10,151)	(11,173)
Less: Interest capitalization		3,677	6,356
	$	**(81,284)**	**(108,429)**

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of Credit risk

During 2020, the Company has a large customer base, it has not concentrated on transactions with a single customer. Therefore, there was no concentration of credit risk in its trade receivables. To minimize credit risk, the Company periodically evaluates the Company’s financial positions.

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Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

		Carrying amount	Contractual cash flows	Within 12 months	1-5 years	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	$	172,631	172,708	172,708	-	-
Short-term notes and bills payable		69,991	69,991	69,991	-	-
Trade payables		2,194,504	2,194,504	2,194,504	-	-
Trade payables-related parties		849,074	849,074	849,074	-	-
Other payable		607,558	607,558	607,558	-	-
Other payables-related parties		6,897	6,897	6,897	-	-
Long term borrowings current portion		694,500	702,951	702,951	-	-
Lease liabilities		506,788	546,092	107,676	335,743	102,673
Long term borrowings		3,472,500	3,700,498	58,843	3,641,655	-
	$	**8,574,443**	**8,850,273**	**4,770,202**	**3,977,398**	**102,673**
December 31, 2019						
Non-derivative financial liabilities						
Short-term borrowings	$	737,499	738,072	738,072	-	-
Trade payable		2,184,359	2,184,359	2,184,359	-	-
Trade payable-related parties		399,134	399,134	399,134	-	-
Other payable		687,493	687,493	687,493	-	-
Other payables-related parties		5,776	5,776	5,776	-	-
Long term borrowings, current portion		1,252,000	1,263,146	1,263,146	-	-
Lease liabilities		555,124	592,679	105,195	328,850	158,634
Long term borrowings		2,837,000	2,947,994	52,482	2,895,512	-
	$	**8,658,385**	**8,818,653**	**5,435,657**	**3,224,362**	**158,634**

The Company did not expect that the timing of cash flow analysis expiary date will be early apparently, or the actual amount will be different apparently.

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(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	December 31, 2020				December 31, 2019			
	Foreign currency	Exchange rate		TWD	Foreign currency	Exchange rate		TWD
Financial assets:								
Monetary items								
USD	$ 138,096	USD/TWD=	28.48	3,932,974	166,556	USD/TWD=	29.98	4,993,354
EUR	1	EUR/TWD=	35.02	32	1	EUR/TWD=	33.59	47
JPY	1,226	JPY/TWD=	0.28	339	1,518	JPY/TWD=	0.28	419
CNY	53,310	CNY/TWD=	4.38	233,338	52,301	CNY/TWD=	4.31	225,158
Financial liabilities:								
Monetary items								
USD	$ 76,482	USD/TWD=	28.48	2,178,215	55,907	USD/TWD=	29.98	1,676,081
EUR	264	EUR/TWD=	35.02	9,262	264	EUR/TWD=	33.59	8,859
JPY	79,471	JPY/TWD=	0.28	21,958	505,584	JPY/TWD=	0.28	139,541
CNY	24,894	CNY/TWD=	4.38	108,960	24,429	CNY/TWD=	4.31	105,169

2) Sensitivity ananlyses

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD against the USD, EUR, CNY, and JPY as of December 31, 2020 and 2019 would have increased (decreased) the equity by $14,786 thousand and $26,315 thousand. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $73,503 thousand and $90,644 thousand, respectively.

Unitech Printed Circuit Board Corporation

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(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1% basis points, the Company's net income would have increased or decreased by $46,181 thousand and $54,717 thousand for 2020 and 2019 with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates and investment in variable-rate bills.

(v) Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2020		2019	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 1%	$ 4,676	-	3,240	-
Decreasing 1%	$ (4,676)	-	(3,240)	-

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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	December 31, 2020				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	$ 467,567	467,567	-	-	467,567
Financial assets measured at amortized cost					
Cash and cash equivalents	737,633	-	-	-	-
Trade receivable	3,586,864	-	-	-	-
Trade receivable-related party	1,969	-	-	-	-
Other receivable-related party	571	-	-	-	-
Subtotal	4,327,037	-	-	-	-
Total	**$ 4,794,604**	**467,567**	**-**	**-**	**467,567**
Financial liabilities at fair value through profit or loss					
Bank loans	$ 4,339,631	-	-	-	-
Short-term notes and bills payable	69,991	-	-	-	-
Trade payable	2,194,504	-	-	-	-
Trade payable-related party	849,074	-	-	-	-
Other payable	607,558	-	-	-	-
Other payables-related party	6,897	-	-	-	-
Lease liabilities	506,788	-	-	-	-
Subtotal	8,574,443	-	-	-	-
Total	**$ 8,574,443**	**-**	**-**	**-**	**-**

	December 31, 2019				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	$ 324,042	324,042	-	-	324,042
Financial assets measured at amortized cost					
Cash and cash equivalents	721,920	-	-	-	-
Trade receivable	4,578,646	-	-	-	-
Trade receivable-related parties	7	-	-	-	-
Other receivable	34,575	-	-	-	-
Other receivable-related parties	12,409	-	-	-	-
Subtotal	5,347,557	-	-	-	-
Total	**$ 5,671,599**	**324,042**	**-**	**-**	**324,042**

(Continued)

Unitech Printed Circuit Board Corporation
Notes to the Financial Statements

	December 31, 2019				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Back loans	$ 4,826,499	-	-	-	-
Trade payable	2,184,359	-	-	-	-
Trade payable--related parties	399,134	-	-	-	-
Other payable	687,493	-	-	-	-
Other payable-related parties	5,776	-	-	-	-
Lease liabilities	555,124	-	-	-	-
Subtotal	8,658,385	-	-	-	-
Total	$ **8,658,385**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(w) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investments in debt securities.

The main potential credit risk of the Company is derived from financial products, such as accounts receivable, but the main sales target are world-renowned manufacturers. In order to reduce the credit risk, the Company also regularly evaluates the customer’s operating conditions and the possibility of recovery for period receivables. Because the customer has a large customer base and has a good reputation of profit and credit record, there is no risk of concentration on the credit risk of the company's accounts receivable.

1) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company’s finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

2) Guarantees

The Company’s policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2020, no other guarantees were outstanding (2019: none).

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company’s management supervises the banking facilities and ensures compliance with the terms of loan agreements.

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Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2020 and 2019, the Company’s unused credit line were amounted to $5,605,817 thousand and $4,117,406 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company’s entities, primarily the TWD, US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are NTD, USD and CNY.

For the Company that use TWD as their functional currency, all borrowed CNY and US dollar loans will use forward contracts with the same maturity date as the loan repayment date for hedging.

Loan interest is priced in the currency of the principal of the loan. Generally speaking, the currency of the borrowing is the same as the currency of the cash flow generated by the operation of the consolidated company, mainly in the TWD, except for CNY and US dollars. In this case, economic hedging is provided without the need to sign derivatives, so hedging accounting is not adopted.

Regarding other monetary assets and liabilities denominated in foreign currencies, when short-term imbalance occurs, the Company buys or sells foreign currencies at real-time exchange rates to ensure that the net risk of risk remains at an acceptable level.

2) Interest rate risk

This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of variability in cash flows attributable to movements in interest rates.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios.

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(x) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

	December 31, 2020	December 31, 2019
Total liabilities	$ 9,370,952	10,157,570
Less: cash and cash equivalents	(737,633)	(721,920)
Net debt	**$ 8,633,319**	**9,435,650**
Total equity	**$ 9,671,800**	**11,315,206**
Debt-to-equity ratio at December 31	**89.26 %**	**83.39 %**

(7) Related-party transactions

(a) The relationship between Parent company and subsidiaries were as follow:

Details of subsidiaries of the Company were as follow：

		Owner's equity (share holders%)	
Name of Subsidiaries	**Location**	**December 31, 2020**	**December 31, 2019**
Unitech Electronics International Limited (Unitech BVI)	British Virgin Island	100.00	100.00
Da Tai investment Company	Taiwan	100.00	100.00
Schmidt Scientific Taiwan Ltd.	Taiwan	Note	57.17
Unitech Electronics International Limited (Unitech HK)	Hong Kong	6.10	6.10

Note: Due to consideration of Group's program, the Company made the decision with the approval from the Board on December 24, 2019 to dispose its share with a consideration of 3.96 per share on January 15, 2020. Please refer to 6(g).

(b) Parent company and ultimate controlling company

The company is both the parent company and the ultimate controlling party of the Company.

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(c) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Group
Unitech Electronics International Limited (Unitech BVI)	The subsidiary of The Company
Da Tai investment Company	The subsidiary of The Company
Schmidt Scientific Taiwan Ltd.	The subsidiary of The Company (originally). (Has already disposed on January 15, 2020)
Unitech Electronics International Limited (Unitech HK)	The subsidiary of The Company
CHANG, YUAN-MING	President of the company
CHEN, CHENG-HSIUNG	Director of the company
Fulltech Fiber Glass Corp.	An associate
Ideal Bike Corporation	The entity's president is the second immediate family of the president of the Company
Unitech Printed Circuit Humanities and Education Foundation	The entity's president is the first immediate family of the president of the Company
Taiwan Federation of commerce	The entity's chairman is the first immediate family of the president of the Company
Pan-Pacific & Southeast Asia Women's Association Ppseawa Taiwan R.O.C.	The entity's chairman is the first immediate family of the president of the Company
TESD Foundation	The entity's president is the first immediate family of the president of the Company
Taiwan Coalition of Service Industries	The entity's chairman is the president of the Company
The Business Development Foundation on the Chinese Straits	The entity's Vice-president is the president of the Company

(d) Significant transactions with related parties

(i) The sales and receivables from parties were as follw:

	Sales		Trade receivables	
	2020	2019	December 31, 2020	December 31, 2019
Subsidiary	$ 14,999	15	1,969	7

The credit period for general clients are 30-120days next monthly settlement; but for related-party is 120days next monthly settlement.

(Continued)

Unitech Printed Circuit Board Corporation
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(ii) Purchase

The payables to related parties were as follows:

	Purchase		Payables-related parties	
	2020	2019	December 31, 2020	December 31, 2019
Subsidiary	$ 1,770,675	2,648,191	849,074	399,134

The payment condition to related-parties for the Company is on the basis of their capital. In general, the condition of receivables for clients is approximately 90 days; since the Company did not purchase the identical merchandise from other suppliers, price of transactions do not have comparison basis.

(iii) Property transaction

1) Acquisitions of financial assets

The acquisitions of financial assets from related parties are summarized as follows:

		2020			2019		
Relationship	Account	Number of shares	Repose	Acquisition price	Number of shares	Repose	Acquisition price
Ideal Bike Corporation	Financial fair value through other comprehensive income-non-current	-		$ -	34,000	Ordinary shares of Ideal Bike corporation	$ 170,000

(iv) Loans and guarantee to Related Parties

December 31, 2020 and 2019, the related parties had provided a guarantee for loans taken out by the Company.

As the year of December 31, 2020 and 2019, the Company made the endorsement guarantee for its subsidiary which lent money from the financial institution, the amoubt is $2,407,250 thousand and $3,413,340 thousand, respectively.

As the year of December 31, 2020 and 2019, the Company provided collaterals for its subsidiary which lent money from financial institution is amounted $38,000 thousand that classified into other financial assets- current.

(v) Other

1) The Company provided consultant service were as follows:

	2020	2019
Subsidiaries	$ -	300

2) As of December 31, 2020 and 2019, other receivables raised due to collection and payment and various expense between the Company and related parties is $571 thousand and $12,409 thousand, respectively which classified into other receivables-related parties.

(Continued)

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3) As of December 31, 2020 and 2019, donation to associates is $4,300 thousand and $4,900 thousand, respectively, which are classified under the item "Selling expenses and administrative expenses".

(e) The relationship between Parent company and subsidiaries were as follow:

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 67,045	154,043

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Land	Long-term borrowings	$ 407,228	334,415
Building and construction	Long-term borrowings	1,833,072	1,872,246
Machinery and equipment	Long-term borrowings	3,302,485	3,574,272
Certificate of deposit (Note 1)	Subsidiaries' borrowings endorsement, Domestic (Foreign) sight L/C endorsement	48,000	48,000
Certificate of deposit (Note 2)	Bureau of Costoms' endorsement, shipping, Center deposits, Letzer Industrial Park deposit and foreign workers' deposit, Loung Te Industrial Park deposit	55,733	55,413
		$ 5,646,518	5,884,346

(Note1) Classified into the account of "other Financial Assets-current".

(Note2) Classified into the account of "Refundable Deposits".

(9) Significant commitments and contingencies:

(a) As of December 31, 2020, the total amount of the significant machinery and equipment contracts signed by the Company was approximately $476,114 thousand, and the payment of $277,962 thousand was classified into "Property, Plant and Equipment" and "Prepaid Equipment".

(b) The Company's outstanding standby letter of credit are as follows:

	December 31, 2020	December 31, 2019
USD	$ 623	710
JPY	$ 96,540	422,127
EUR	$ 264	264

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(c) The Company and other 9 companies that are also shareholders of Taiwan International Securities Co., Ltd. (hereinafter referred to as Taiwan International Securities), entered into an agreement with Capital Securities Corp. (hereinafter referred to as Capital Securities) stipulating that the issue of investor compensation for the dispute over the sale of GVEC private investment products within $173,000 thousand by employees of Taiwan International Securities in 2005 will be handled by Capital Securities as the priority; the remaining amount and risks will be dealt by the company that signed of the agreement. However, the content and scope of "responsible processing" are not clearly defined, and the relevant cases are still in progress. Therefore, the Company is unlikely to be liable for compensation and should not have a significant impact on the Company's shareholders' equity.

(d) The Group filed a lawsuit against the client defaulting payment due to product quality during June 2013. The case was filed by the People's Court of Suzhou City, Jiangsu Province, China on December 17, 2015. The court adjudicated that the client lost and was required to pay the payment to the Company plus interest, and bear litigation costs. In October, 2018, the default payment has been directly enforced by the court, and the client has paid $4,769 thousand. The Company has filed another lawsuit in Taiwan for the remaining account receivable of $20,754 thousand, and on September 11, 2019, the Company lost the lawsuit by adjudicated made by Taiwan Shilin District Court on March 25, 2020. Appeal was filed by a lawyer appointed by the Company. The Company wrote-off all the remaining account receivable.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	2,413,273	485,689	2,898,962	2,839,098	737,342	3,576,440
Labor and health insurance	252,024	43,240	295,264	261,537	37,532	299,069
Pension	110,908	32,408	143,316	116,782	32,830	149,612
Remuneration of directors	-	5,485	5,485	-	27,845	27,845
Others	87,012	37,256	124,268	96,807	52,017	148,824
Depletion	1,319,374	73,678	1,393,052	1,355,235	76,166	1,431,401
Amortization	1,327	12,689	14,016	336	5,870	6,206

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The extra information for number of employee and expense of employee benefit for the Company were as follows:

	2020	2019
Number of employees	5,143	5,316
Number of directors who were not employees	5	5
The average employee benefit	$ 674	786
The average salaries and wages	$ 564	673
Adjustment of Average salary expenses	(16.20)%	19.96 %
Supervisor's remuneration	$ -	-

The salary payment policy for the Company were as follow:

(i) The salary payment policy, standard, portfolio and the procedure of payment regulation are on the basis of the Company' s Human Resources regulation to execute. As for the profit allocation of director's and supervision's remuneration, the Company will firstly do the salary provision according to the Article of Association, and then resolution by remuneration committee. After those procedure, the profit allocation will have the approval form the Board and will be reported on the shareholder's meeting.

(ii) The relationship between remuneration payment and operating performance is positive, and will pay reasonably after the Company do the operating risk evaluation.

(b) Regarding to assessment of impact on Coronavirus, the Company has influence by the Coronavirus in 2020, which caused the part of delayed. As the year of December 31, 2020, the operation is recoverable gradually. As the impact on the Coronavirus is still uncertainty, the Company subsidy and salary subsidy from government. The Company is expected to minimize the influence and will stay tared for updates of the event to make in-time assessment.

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

No. (Note1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note3 and 5)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note2)										
0	The Company	Unitech BVI	2	4,835,900	1,343,940	1,069,150	320,115	38,000	11.05 %	7,737,440	Y	N	N
0	The Company	Shanghai Unitech Electronics Co., Ltd.	2	4,835,900	752,400	598,500	598,500	-	6.19 %	7,737,440	Y	N	Y
0	The Company	Shanghai Unitech Electronics (Nantong) Co., Ltd.	2	4,835,900	1,317,000	739,600	569,600	-	7.65 %	7,737,440	Y	N	Y
1	Shanghai Unitech Electronics Co., Ltd.	Shanghai Unitech Electronics (Nantong) Co., Ltd.	2	1,232,799	2,532,000	2,532,000	2,143,218	-	102.69 %	4,931,196	Y	N	Y

Note1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(a) The Company is ‘0’.
(b) The subsidiaries are numbered in order starting from ‘1’.

Note2: 7 forms of relationships in which corporate guarantees exist are defined as follows:
(a) Entities have business relations with Company.
(b) The Company directly or indirectly holds more than 50% of voting shares of its subsidiaries.
(c) Investees directly or indirectly own more than 50% of voting shares of the Company.
(d) The Company directly or indirectly holds 90% of voting shares of its subsidiaries.
(e) Entities have construction contract agreements with the Company.
(f) The reason for the Company jointly invested in the entities is to provide proportionate endorsements.
(g) The Company has contractual pre-sold home agreements with its related parties under the Consumer Protection Law.

Note3: The Company’s aggregate amount allows endorsement or guarantee that does not exceed 50% of its net worth in December 31, 2020.

Note4: The Company’s aggregate amount allows endorsement or guarantee that does not exceed 80% of its net worth in December 31, 2020.

Note5: The Subsidiaries aggregate amount allows endorsement or guarantee that does not exceed 200% of its net worth in December 31, 2020.

(Continued)

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(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Capital Securities Corporation	-	Financial assets at fair value through other comprehensive income non-current	4,898	66,367	0.23 %	66,367	
The Company	Ideal bike Corporation	Related party	"	34,000	401,200	13.98 %	401,200	
Da Tai Investment Co., Ltd.	Capital Securities Corporation	-	Financial assets at fair value through other comprehensive income non-current	3,405	46,137	0.16 %	46,137	
Da Tai Investment Co., Ltd.	ANCAD Incorporated	-	"	26	1,700	2.02 %	1,700	
Da Tai Investment Co., Ltd.	Taiwan First Biotechnolgy Corporation	-	"	5,306	93,636	4.00 %	93,636	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security (Note1)	Account name	Name of counter-party (Note2)	Relationship with the company (Note2)	Beginning Balance		Purchases (Note3)		Sales (Note3)				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Shanghai Unitech Electronics Co., Ltd.	Stocks of Shanghai Unitech Electronics (Nantong) Co., Ltd.	Investments accounted for using equity method, net	Note5	-	-	1,587,028	-	864,462	-	-	-	-	-	2,451,490
Shanghai Unitech Electronics Co., Ltd.	Stocks of Shanghai Unitech Electronics (Nantong) Co., Ltd.	Investments accounted for using equity method, net	Note6	-	-	118,336	-	701,984	-	-	-	-	-	820,320
Shanghai Unitech Electronics (Nontong) Co., Ltd.	Structured Deposits	Financial assets at fair value through profit or loss-current	Bank of Communications	None	-	-	-	131,800 (Note8)	-	131,894 (Note8)	131,800 (Note8)	94 (Note8)	-	-

Note1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leaves the columns blank.

Note3: Individual securities acquired or disposed of with accumulated fair value exceeding the lower of NT$300 million or 20% of the capital stock.

Note4: Paid-in capital refers to the company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-up capital shall be attributed to the balance sheet Calculated based on the 10% equity of the owner of the parent company.

Note5: Issuance of ordinary shares of cash.

Note6: Use machinery and equipment as investment.

Note7: The amount was eliminated in the consolidated financial statements.

Note8: Transaction currency in Thousands of RMB.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Unitech BVI	The Company	The Parent company	Sale	316,177	100.00 %	The collection terms are based on the loose funds.	-	The collection terms are based on the loose funds.	-	-%	
Unitech BVI	Shanghai Unitech Electronics Co., Ltd.	Subsidiary	Purchase	250,307	81.10 %	The payment terms are based on the loose funds.	-	The payment terms are based on the loose funds.	-	-%	
The Company	Unitech BVI	Subsidiary	Purchase	316,177	4.38 %	The payment terms are based on the loose funds.	-	The payment terms are based on the loose funds.	-	-%	
Shanghai Unitech Electronics Co., Ltd.	Unitech BVI	Subsidiary	Sale	250,307	16.73 %	The collection terms are based on the loose funds.	-	The collection terms are based on the loose funds.	-	-%	
The Company	Shanghai Unitech Electronics (Nantong) Co., Ltd.	Subsidiary	Purchase	1,287,583	17.85 %	The payment terms are based on the loose funds.	-	The payment terms are based on the loose funds.	(855,971)	28.12%	
Shanghai Unitech Electronics (Nantong) Co., Ltd.	The Company	The Parent company	Sale	1,287,583	57.56 %	The collection terms are based on the loose funds.	-	The collection terms are based on the loose funds.	855,971	67.69%	
Shanghai Unitech Electronics Co., Ltd.	Shanghai Unitech Electronics (Nantong) Co., Ltd.	Subsidiary	Sale	129,419	19.75 %	The payment terms are based on the loose funds.	-	The payment terms are based on the loose funds.	(19)	3.62%	
The Company	Shanghai Unitech Electronics Co., Ltd.	Subsidiary	Purchase	179,665	2.49 %	The payment terms are based on the loose funds.	-	The payment terms are based on the loose funds.	-	-%	
Shanghai Unitech Electronics (Nantong) Co., Ltd.	Shanghai Unitech Electronics Co., Ltd.	Subsidiary	Sale	129,419	5.79 %	The collection terms are based on the loose funds.	-	The collection terms are based on the loose funds.	19	-%	
Shanghai Unitech Electronics Co., Ltd.	Shanghai Unitech Electronics (Nantong) Co., Ltd.	Subsidiary	Sale	475,412	31.77 %	The collection terms are based on the loose funds.	-	The collection terms are based on the loose funds.	-	-%	
Shanghai Unitech Electronics (Nantong) Co., Ltd.	Shanghai Unitech Electronics Co., Ltd.	Subsidiary	Purchase	475,412	22.87 %	The payment terms are based on the loose funds.	-	The payment terms are based on the loose funds.	-	-%	
Shanghai Unitech Electronics Co., Ltd.	The Company	The Parent company	Sale	179,665	12.01 %	The collection terms are based on the loose funds.	-	The collection terms are based on the loose funds.	-	-%	

Unitech Printed Circuit Board Corporation
Notes to the Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Shanghai Unitech Electronics (Nantong) Co., Ltd.	The company	The Parent company	855,971	3.01	-		16,487 (CNY3,858 thousand)	-

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	Unitech BVI	British Virgin Islands	Reinvested inShanghai Unitech Electronics Co., Ltd. sales of PCB	2,414,937	2,414,937	3.75	100.00 %	2,343,979	(339,678)	(335,123)	
The Company	Da Tai Investment Co., Ltd.	Taiwan	General investment	820,019	820,019	82,000	100.00 %	1,116,451	(62,116)	(62,116)	
The Company	Schmidt Scientific Taiwan Ltd.	Taiwan	Manufacture and sales of medical equipment, electronic components, and optical instruments	-	346,933	-	- %	-	2,199	1,324	Note1
The Company	Fulltech Fiber Glass Corp.	Taiwan	Reinvested inShanghai Unitech Electronics Co., Ltd. sales of PCB	37,632	37,632	2,540	0.61 %	40,206	(485,175)	(2,750)	
The Company	Unitech Electronics International (HK)Limited	Hong Kong	Reinvested inShanghai Unitech Electronics Co., Ltd. sales of PCB	153,980	153,980	5,000	6.10 %	138,103	(362,186)	(22,085)	
Da Tai Investment Co., Ltd.	Fulltech Fiber Glass Corp.	Taiwan	Manufacturing of glass and glass products	600,684	600,684	57,734	13.82 %	955,432	(485,175)	(62,463)	
Schmidt Scientific Taiwan Ltd.	Schmidt Taiwan Internationl Ltd.	British Virgin Islands	Sales of medical equipments, electronic products and solar equipment	-	18,268	-	- %	-	-	-	Note1
Schmidt Taiwan Internationl Ltd.	Schmidt Technology Inc.	British Cayman Islands	Sales of medical equipments, electronic products and solar equipment	-	16,894	-	- %	-	-	-	Note1
Unitech BVI	Unitech Electronics International (HK)Limited	Hong Kong	Reinvested inShanghai Unitech Electronics Co., Ltd. sales of PCB	2,480,927	2,480,927	77,000	93.90 %	2,661,758	(362,186)	(340,101)	

Note1: The Company disposed all shares on January 15, 2020.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note2)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
Shanghai Unitech Electronics Co., Ltd.	Manufacturing and sale of PCB	2,474,777	(2)	2,480,927	-	-	2,480,927	(335,339)	100.00%	(335,339)	2,465,598	-
Shanghai Unitech Electronics (Nantong) Co., Ltd.	Manufacturing and sale of PCB	3,639,130	(3)	367,320 (Note3)	-	-	367,320 (Note3)	(256,965)	100.00%	(256,965)	3,363,320	-

Note1: Investments are made through one of three ways:

(a) Direct investment from Mainland China

(b) Indirect investment from third-party country

(c) Others

Note2: The recognition of gain and loss on investment based on the financial report which was assured by R.O.C. Accountant.

Note3: The amount includes the capitalization of retained earnings amounting to USD7,000 thousand.

Unitech Printed Circuit Board Corporation
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,987,438 (USD 104,896 thousand) (Note3)	2,987,438 (USD 104,896 thousand)	5,803,080

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
GUO-LING INVESTMENT CO. LTD	36,950,280	5.96 %

(14) Segment information:

Please refer to 2020 Consolidated Financial Statements.

Unitech Printed Circuit Board Corporation

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand	Petty cash	$ 674
Bank deposits	Demand deposits	
	Chang Hwa Bank Zhongshan North Road Branch	28,471
	Chang Hwa Bank Tucheng Branch	28,275
	Land Bank of Taiwan Tucheng Branch	19,022
	Others (All of them are less than 5%)	9,377
	Subtotal	85,145
	Foreign currency deposits	
	Chang Hwa Bank Zhongshan North Road Branch (USD9,326 thousand)	261,630
	Mega International Commercial Bank Bannan Branch (USD3,115 thousand)	87,595
	Chang Hwa Bank Zhongshan North Road Branch (USD14,654 thousand)	62,902
	Bank SinoPac Dunbei Branch (USD2,212 thousand)	62,277
	Taishin International Bank Songshan Branch (USD2,090 thousand)	58,769
	Taipei Fubon Commercial Bank Dunhua Branch (USD2,022 thousand)	56,771
	Bank of Taiwan Tucheng Branch (CNY1,248 thousand)	35,026
	Others (All of them are less than 5%)	26,844
	Subtotal	651,814
		$ 737,633

Unitech Printed Circuit Board Corporation

Statement of trade receivables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Non Related-parties:	
T66	$ 691,017
A58	613,603
G57	554,501
C37	200,175
Others (less than 5%)	1,538,024
Subtotal	3,597,320
Less: Allowance for bad debt	(10,456)
Net value	**$ 3,586,864**

Statement of inventories

Item	Amount: Cost	Amount: Net realizable value	Remark
Raw materials and consumables	$ 247,714	290,999	adopted replacement cost
Work in Progress	858,110	1,145,862	adopted Net realizable value
Finished goods	315,554	333,795	〃
Merchandise inventory	249,142	249,142	〃
Subtotal	1,670,520	**2,019,798**	〃
Less: Allowance for Inventory Valuation Losses	(215,608)		〃
Total	**$ 1,454,912**		

Unitech Printed Circuit Board Corporation

Statement of financial assets measured at fair value through other comprehensive income - non-current

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	January 1,2020		Addition						December 31, 2020			
Item	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Disposal	Evaluation	Number of shares	Fair value	Endorsement or Pledge	Remark
Non-current:												
Capital Securities Corporation	4,898	$ 55,102	-	-	-	-	-	11,265	4,898	66,367	N/A	
Ideal Bike Corporation	34,000	268,940	-	-	-	-	-	132,260	34,000	401,200	N/A	
		$ 324,042		-		-	-	143,525		467,567		

Unitech Printed Circuit Board Corporation

Statement of changes in investments accounted for using the equity method

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Investee	January 1, 2020		Addition		Deductions		Investment accounted under the equity method	Others	Cumulative translation adjustment	Cash Diviend	December 31, 2020			Endorsement or Pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount					Name of shares	Shareholding ratio(%)	Amount	
Valuation accounted for equity method:														
Unitech Electronics International Limited (BVI)	3.75	$ 2,621,883	-	-	-	-	(335,123)	-	57,219	-	3.75	100.00	2,343,979	N/A
Da Tai Investment Company	82,000	1,118,950	-	-	-	-	(62,116)	57,329	2,288	-	82,000	100.00	1,116,451	N/A
Schmidt Scientific Taiwan LTD.	4,785	27,292	-	-	(4,785)	(44,080)	1,324	253	15,211	-	-	-	-	N/A
Full Tech Fiber Glass Corp.	2,540	41,182	-	-	-	-	(2,750)	1,673	101	-	2,540	0.61	40,206	N/A
Unitech Electronics International Limited (HK)	5,000	155,729	-	-	-	-	(22,085)	-	4,459	-	5,000	6.10	138,103	N/A
		$ 3,965,036		-		(44,080)	(420,750)	59,255	79,278	-			3,638,739	

Unitech Printed Circuit Board Corporation

Statement of short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Creditor	Characteristic of borrowings	December 31, 2020	Period	Credit line	Pledges or collaterals
Shin Kong Commercial Bank	Credit loan	$ 100,000	A year	200,000	N/A
Land Bank of Taiwan	〃	69,299	〃	200,000	〃
Bank Of Panshin	〃	1,666	〃	150,000	〃
First Commercial Bank	〃	1,657	〃	120,000	〃
Add:Exchange gains and losses		9			
Total		$ **172,631**			

Note: The interest interval is between 0.46%~0.98%.

Statement of trade payables

Item	Amount
Non related-parties:	
Lin Horn Technology Co.,Ltd	$ 366,707
Elite Material Co.,Ltd.	137,267
Atotech Twiwan Limited Corp.	115,420
Others (less than 5%)	1,603,946
Subtoal	2,223,340
Less: Gain on exchange rate	(28,836)
Total	$ **2,194,504**

Unitech Printed Circuit Board Corporation

Statement of other payables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Salary payables	$ 399,101
Equipment payables	154,151
Others	453,371
Total	**$ 1,006,623**

Statement of long-term borrowings

Item	Ammount of borrowings: Current portion	Non-current portion	Contract Period	Pledges or collaterals
Yuanta Commercial Bank	-	550,000	112.06	Land and Buildings
Yuanta Commercial Bank	100,000	150,000	112.06	N/A
Mega International Commercial Bank	172,000	170,000	111.11	Land and Buildings
Bank of Taiwan Syndicated	362,500	2,537,500	114.04	Land, Buildings and Facilities
Kaohsiung Commercial Bank	60,000	65,000	112.03	N/A
Total	**$ 694,500**	**3,472,500**		

Note: The interest interval is between 1.1%~1.79%.

Unitech Printed Circuit Board Corporation

Statement of operating revenue

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity (Unit:sq ft)	Amount
Layer of 2 HDI	631.00	$ 218,799
Layer of 4 HDI	3,348.00	1,635,919
Layer of 6 HDI	2,181.00	2,487,965
Layer of 8 HDI	1,265.00	1,498,841
Over layer of 10 HDI	2,702.00	7,098,660
Others	-	111,763
Net sales		**$ 13,051,947**

Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function

Item	Amount
Selling expenses and administrative expenses:	
Salary expenses	$ 479,946
Miscellaneous expense	171,466
Freight expenses	68,793
Commissions expense	95,919
Others (less than 5% for each item)	424,267
Subtotal	1,240,391
Research and development expenses	76,590
Total	**$ 1,316,981**

Unitech Printed Circuit Board Corporation

Statement of operating costs

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Direct raw material	
Balance, beginning of year	$ 104,657
Add: raw material purchased	2,099,432
Less: transferred to manufacturing expenses	(20,710)
transferred to operating expenses	(1,022)
direct raw material, end of year	(110,438)
Subtotal	2,071,919
Indirect raw material	
Balance, beginning of year	95,252
Add: raw material purchased	2,305,972
Less: transferred to manufacturing expenses	(465,514)
transferred to operating expenses	(1,006)
indirect raw material, end of year	(137,276)
Subtotal	1,797,428
Direct labor	2,099,758
Manufacturing expenses	4,121,833
Manufacturing cost	10,090,938
Add: work in process, beginning of year	1,141,229
Less: work in process, end of year	(858,109)
transferred to other losses	(1,008)
transferred to research and development expenses	(26,151)
Cost of finished goods	10,346,899
Add: finished goods, beginning of year	225,284
finished goods(warehouse), beginning of year	206,755
Less: finished goods, end of year	(143,853)
transferred to other losses	(3,612)
finished goods(warehouse), end of year	(171,702)
Cost of goods sold- finished goods	10,459,771
Merchandise, beginning of the year	283,855
Add: Merchandise purchased	2,807,495
Less: Merchandise, end of the year	(249,142)
Cost of merchandise sold	2,842,208
Add: losses on inventory valuation and obsolescence	8,975
Less: advertisement expense and sample expenses	(29,365)
Income from scrap sales	(174,474)
Cost of sales	**$ 13,107,115**

Statement of change in cost and accumulated depreciation of property, plant and equipment refer to note6(h).

Statement of change in cost and accumulated depreciation of right-of-use assets refer to note6(i).