

EVERSPRING INDUSTRY CO.,LTD
Individual Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
EVERSPRINGINDUSTRY CO., LTD

Opinion

We have audited the accompanying parent company only financial statements of EVERSPRING INDUSTRY CO., LTD (the "Company"), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasizing matters

As mentioned in notes 1 and 30 of the individual financial report, that EVERSPRING INDUSTRY CO., LTD. absorbed and merged its wholly-owned subsidiary AUSPISTEK CORPORATION. on December 1, 2020. The merger is under common control. The reorganization of the organization and the IFRS Q&A and related letter interpretations published by the Accounting Research and Development Foundation of the Republic of China. When preparing the comparative statement, it should be deemed to have been consolidated from the beginning and the financial statements for the comparative period shall be re-edited. The auditor did not revise the audit opinion for this reason.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2020 are stated as follows:

Recognition of sales revenue

Based on the audit standards, there is a significant audit risk in the recognition of revenue, and EVERSPRING INDUSTRY CO., LTD. continues to actively promote the sales of smart home security control systems, smart lighting fixtures and smart sensors. The authenticity of recognized operating revenue holds significant impact on the independent financial statements, because the sales revenue of smart home security control systems, smart lighting fixtures and smart sensors are listed as key audit items.

In response to the above important matters, the auditor performs the main inspection procedures as follows:

1. To understand the effectiveness of the design and implementation of the internal control system related to income recognition.
2. To obtain the sales revenue details of smart home security control systems, smart lighting fixtures and smart sensors in the year 2020, and check the original orders, shipping orders, invoices and other related documents of the related transactions, and compare them with the entered amount, to check and confirm the authenticity of income.

Other Items

Included in the above Financial Statements of in the year ended Dec.31,2019 of PHASE ELECTRONICS (UK) LTD. were reviewed by other auditors. Therefore, the auditor's opinion on the above Financial Statements is related to these investee companies. The investment using the equity method and the investment gains and losses using the equity method are recognized based on the audit reports of other auditors. On Dec.31,2019, the amount of investment in PHASE ELECTRONICS (UK) LTD. using the equity method was NT\$ 1,298,000, accounting for 0% of total assets and liabilities. In the year ended Dec.31,2019, the investment loss of these investee companies was NT\$ 3,546,000, accounting for 2% of the pre-tax loss.

In addition, in the attached Financial Statements, the Financial Statements of the investee company Medigen Biotechnology Corporation the evaluated by the equity method in the year ended Dec.31,2020 and 2019 were reviewed by other auditors. Therefore, the auditor indicated to the above Financial Statements. The opinion of the investment of these investee companies using the equity method and their investment gains and losses are recognized based on the audit reports of other auditors. The amount of investment in these investee companies using the equity method on Dec.31,2020 and 2019 was NT\$ 414,728,000 and NT\$ 379,164,000, respectively, accounting for 17% of the total assets. The share of losses of related companies recognized by the equity method of other investee companies was NT\$ 34,806,000 and NT\$ 27,833,000, accounting for (17) % and 16% of the net profit (loss) before tax.

Responsibilities of Management and Governance Units for Parent company only Financial Statements

The management's responsibility is to prepare Parent company only Financial Statements that can be properly expressed in accordance with the Securities Issuer's Financial Report Preparation Standards, and to maintain the necessary internal controls related to the preparation of Individual Financial Statements to ensure that the Individual Financial Statements are not materially caused by fraud or errors false expression.

When preparing Individual Financial Statements, the management's responsibilities also include assessing the ability of EVERSPRING INDUSTRY CO., LTD. to continue operations, disclosure of related matters, and the adoption of the accounting basis for continuing operations, unless the management intends to liquidate EVERSPRING INDUSTRY CO., LTD. The company may cease operations, or there is no practical and feasible plan other than liquidation or suspension

of operations.

The Governance Unit (including the Audit Committee) of EVERSPRING INDUSTRY CO.,LTD. is responsible for supervising the financial reporting process.

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-shiou Su.

DELOITTE & TOUCHE

TAIPEI, TAIWAN

Republic of China

Ming-Chung Hsieh

FSAC Approval Number:No.

Financial-Supervisory-Securities-Auditing-
1000028068

Yu-shiou Su

FSAC Approval Number:No.

Financial-Supervisory-Securities-Auditing-10
40024195

March 24, 2021

EVERYSPRING INDUSTRY CO., LTD
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31 2020 & 2019

Unit: In thousands of New Taiwan Dollars
December 31, 2019
(After re-edition)

Code	ASSETS	December 31, 2020		December 31, 2019 (After re-edition)	
		Amount	%	Amount	%
	Current Assets				
1100	Cash & Cash Equivalents (Note 6)	\$ 190,900	7	\$ 167,881	8
1110	Financial Assets at fair (value through profit or loss (Note 7)	225,583	9	61,935	3
1120	Financial assets at fair value through other comprehensive income-current (Note 8)	188	-	186	-
1160	Notes receivable-net from related parties (Note 26)	-	-	5	-
1170	Account receivable, net (Note 9)	16,952	1	22,719	1
1180	Account receivable-net from related parties (Note 26)	5,587	-	10,616	-
1200	other accounts receivable (Note 9)	475	-	349	-
1210	other accounts receivable-from related parties (Note 26)	71,104	3	71,436	3
1220	Income tax assets for the current period (Note 22)	-	-	254	-
130X	Inventories (Note 10)	16,464	1	18,703	1
1479	Other current assets-others (Note 14)	<u>2,463</u>	-	<u>21,590</u>	<u>1</u>
11XX	Total current assets	<u>529,716</u>	<u>21</u>	<u>375,674</u>	<u>17</u>
	Non-current assets				
1510	Financial assets at fair value through profit & loss-noncurrent (Note 7)	991	-	1,632	-
1517	Financial assets at fair value through other comprehensive income –noncurrent (Note 8)	21,849	1	15,526	1
1550	Investment accounted for using the equity method (Note 11)	1,469,613	59	1,295,664	59
1600	Property, plant and equipment (Note 12)	157,383	6	162,870	8
1760	Not investment property (Note 13)	236,210	10	241,354	11
1840	Deferred Income tax assets (Note 22)	82,503	3	81,214	4
1821	Other intangible assets	6,513	-	6,838	-
1915	Prepaid equipment (Note 14)	240	-	-	-
1920	Refundable deposits	76	-	245	-
1975	Net defined benefit assets-noncurrent (Note18)	-	-	2,000	-
1990	other non-current assets (Note 14)	<u>78</u>	-	<u>90</u>	-
15XX	Total non-current assets	<u>1,975,456</u>	<u>79</u>	<u>1,807,433</u>	<u>83</u>
1XXX	Total assets	<u>\$ 2,505,172</u>	<u>100</u>	<u>\$ 2,183,107</u>	<u>100</u>
CODE	LIABILITIES AND EQUITY				
	Current liabilities				
2100	Short-term loans (Note 15)	\$ 30,000	1	\$ 10,100	-
2130	contract liabilities –current (Note 20)	6,235	-	4,983	-
2170	accounts payable (Note 16)	1,263	-	1,071	-
2180	Accounts payable-related parties (note 26)	10,335	1	1,643	-
2219	other accounts payable (Notes 17)	16,001	1	17,167	1
2220	other accounts payable –related parties (Note 26)	203	-	125	-
2230	Current income tax liabilities (Note 22)	6,153	-	2,406	-
2320	Long-term loans due within one year (Note 15)	25,160	1	11,619	1
2399	other current liabilities	<u>1,306</u>	-	<u>892</u>	-
21XX	total current liabilities	<u>96,656</u>	<u>4</u>	<u>50,006</u>	<u>2</u>
	Non-current Liabilities				
2540	Long term loans(Note 15)	54,303	2	48,381	3
2570	Deferred income tax liabilities (Note 22)	-	-	527	-
2645	Guarantee deposits (Note 17)	2,458	-	1,454	-
2650	Investment credits by using equity method (Note 11)	<u>728</u>	-	<u>-</u>	-
25XX	Total non-current liabilities	<u>57,489</u>	<u>2</u>	<u>50,362</u>	<u>3</u>
2XXX	Total liabilities	<u>154,145</u>	<u>6</u>	<u>100,368</u>	<u>5</u>
	Equity(Note 19)				
	Stock				
3110	Common stock	<u>2,140,216</u>	<u>86</u>	<u>2,140,216</u>	<u>98</u>
3200	Capital reserve	<u>454,830</u>	<u>18</u>	<u>385,666</u>	<u>17</u>
	Retained surplus				
3320	Special surplus reserve	45,041	2	45,041	2
3350	Undistributed surplus	(<u>221,237</u>)	(<u>9</u>)	(<u>416,242</u>)	(<u>19</u>)
3300	Total retained earnings	(<u>176,196</u>)	(<u>7</u>)	(<u>371,201</u>)	(<u>17</u>)
	Other equity				
3410	Conversion difference in the conversion of financial statements of foreign operating organizations	(48,974)	(2)	(40,372)	(2)
3420	Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses	(<u>18,849</u>)	(<u>1</u>)	(<u>31,570</u>)	(<u>1</u>)
3400	Total other equity	(<u>67,823</u>)	(<u>3</u>)	(<u>71,942</u>)	(<u>3</u>)
3XXX	Total equity	<u>2,351,027</u>	<u>94</u>	<u>2,082,739</u>	<u>95</u>
	Total liabilities and equity	<u>\$ 2,505,172</u>	<u>100</u>	<u>\$ 2,183,107</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.
Please refer to auditors' reported provided by Delotte & Touche on March 24, 2021, Taipei Taiwan, R.O.C

Chairman: Chang Tse Ling

Manager : Chang Tse Ling

Accounting Supervisor : Li Hsiu Ting

EVERSPRING INDUSTRY CO., LTD
PARENT COMPANY ONLY COMPREHENSIVE INCOME
JANUARY 1 ~ DECEMBER 31, 2020 AND 2019

Unit: In thousands of NTD except Earnings Per Share

Code		Year 2020		Year 2019 (after re-edition)	
		Amount	%	Amount	%
	Operating income (Notes 20&26)				
4100	Sales Revenue	\$ 120,961	97	\$ 153,585	94
4800	Other Operating Income	<u>3,898</u>	<u>3</u>	<u>9,057</u>	<u>6</u>
4000	Total Operating Income	<u>124,859</u>	<u>100</u>	<u>162,642</u>	<u>100</u>
	Operating Expenses(Notes10&26)				
5110	Sale Expenses	112,546	90	127,765	79
5800	Other Operating Expenses	<u>1,345</u>	<u>1</u>	<u>641</u>	<u>-</u>
5000	Total Operating Expenses	<u>113,891</u>	<u>91</u>	<u>128,406</u>	<u>79</u>
5900	Operating Gross Profit	10,968	9	34,236	21
5910	Realized profit of associate company	(<u>7,653</u>)	(<u>6</u>)	<u>557</u>	<u>1</u>
5950	Net operating Gross profit	<u>3,315</u>	<u>3</u>	<u>34,793</u>	<u>22</u>
	Operating expenses(Note 21)				
6100	Marketing Expenses	11,217	9	21,034	13
6200	Managing Expenses	36,064	29	44,197	27
6300	Research and Development Expenses	40,769	33	46,942	29
6450	Expected credit impairment	<u>58</u>	<u>-</u>	<u>31</u>	<u>-</u>
6000	Total operating expenses	<u>88,108</u>	<u>71</u>	<u>112,204</u>	<u>69</u>
6900	Net operating Losses	(<u>84,793</u>)	(<u>68</u>)	(<u>77,411</u>)	(<u>47</u>)
	Non-operating income and expenses				
7100	Interest Income(Note 21&26)	2,139	2	2,959	2
7010	Other income Notes 21&26)	22,626	18	8,658	5
7020	Other profits and losses (Notes 21)	229,310	184	14,713	9
7070	Shares of Recognizing subsidiaries income through equity method	31,798	25	(127,745)	(79)

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Code		Year 2020		Year 2019 (after re-edition)	
		Amount	%	Amount	%
7050	Financial expenses (Note 21)	(<u>1,361</u>)	(<u>1</u>)	(<u>424</u>)	-
7000	Total non-operating income and expenses	<u>284,512</u>	<u>228</u>	(<u>101,839</u>)	(<u>63</u>)
7900	Profits Before Tax (loss)	199,719	160	(179,250)	(110)
7950	Income tax expenses (Note 22	<u>4,451</u>	<u>4</u>	<u>1,416</u>	<u>1</u>
8200	Net Profit (loss) for the period	<u>195,268</u>	<u>156</u>	(<u>180,666</u>)	(<u>111</u>)
	Other comprehensive gains and losses of the year(net)				
8310	Items not reclassified				
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6,325	5	1,237	1
8311	Remeasurement of Defined Benefit Obligation	-	-	661	-
8330	share of recognizing other comprehensive income of associate company using equity method	(263)	-	(534)	-
8360	Item that may be reclassified subsequently to profit and loss				
8361	Exchange differences arising in translation of foreign operations	(8,602)	(7)	(12,808)	(8)
8370	Share of other comprehensive profits and losses of affiliates recognized using the equity method	<u>6,396</u>	<u>5</u>	<u>11,529</u>	<u>7</u>
8300	Total other comprehensive profit and loss (net)	<u>3,856</u>	<u>3</u>	<u>85</u>	-
8500	Total comprehensive profit and loss for the year	<u>\$ 199,124</u>	<u>159</u>	(<u>\$ 180,581</u>)	(<u>111</u>)
c	Surplus(loss) attributable to shareholders of the company(Note 23)				
9750	basis	<u>\$ 0.91</u>		(<u>\$ 0.84</u>)	
9850	diluted	<u>\$ 0.91</u>		(<u>\$ 0.84</u>)	

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to the audit report of the Deloitte & Touche on Mar. 24,2021)

Chairman: Chang Tse Ling

Manager : Chang Tse Ling

Accounting Supervisor : Li Hsiu Ting

EVERYSPRING INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
JANUARY 1~DECEMBER 31 OF YEAR 2020 AND 2019
(IN THOUSANDS OF New Taiwan Dollars)

Code		STOCK		RETAINED EARNINGS			Other equity items		Total equity
		Common stock	Capital reserve	legal capital reserve	special capital reserve	Unappropriated earnings	Foreign Currency Translation Reserve	Unrealized Gain(Loss) on Financial Assets at fair value Through Other Comprehensive Income	
A1	BALANCE, JANUARY 1, 2019	\$ 2,140,216	\$ 397,345	\$ -	\$ 45,041	(\$ 243,515)	(\$ 27,564)	(\$ 36,524)	\$ 2,274,999
C7	Other capital reserve changes : Changes in related parties Recognition of using equity method	-	(11,679)	-	-	-	-	-	(11,679)
D1	Net income in 2019	-	-	-	-	(180,666)	-	-	(180,666)
D3	Other comprehensive income(loss) in 2019, after income tax	-	-	-	-	127	(12,808)	12,766	85
D5	Total comprehensive income (loss) in 2019	-	-	-	-	(180,539)	(12,808)	12,766	(180,581)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	7,812	-	(7,812)	-
Z1	Balance, December 31, 2019	2,140,216	385,666	-	45,041	(416,242)	(40,372)	(31,570)	2,082,739
C7	Changes in equities recognition of associates in using equity method	-	69,164	-	-	-	-	-	69,164
D1	Net income in 2020	-	-	-	-	195,268	-	-	195,268
D3	Other comprehensive income(loss) in 2020, after income tax	-	-	-	-	(263)	(8,602)	12,721	3,856
D5	Total comprehensive income in 2020	-	-	-	-	195,005	(8,602)	12,721	199,124
Z1	Balance, December 31, 2020	<u>\$ 2,140,216</u>	<u>\$ 454,830</u>	<u>\$ -</u>	<u>\$ 45,041</u>	<u>(\$ 221,237)</u>	<u>(\$ 48,974)</u>	<u>(\$ 18,849)</u>	<u>\$ 2,351,027</u>

The accompanying notes are an integral part of the consolidated financial statements. °
(please refer to auditors' report issued by Deloitte & Touche on March 24, 2021)

Chairman: Chang Tse Ling

General manager: Chang Tse Ling

Accounting supervisor: Li Hsiu Ting

EVERSPRING INDUSTRY CO., LTD & SUBSIDIARIES

Parent company only Statements of Cash Flows

From Jan.1 to Dec. 31 2019 & 2020

Unit: In Thousands of NTD

Code		Year 2020	Year 2019 (after re-edition)
	Cash flows from operating activities		
A10000	Net profit (Loss)before tax for the current period	\$ 199,719	(\$ 179,250)
A20010	Income and expense items		
A20100	Epreciation expense	10,989	13,510
A20200	Amortization expenses	1,191	1,373
A20300	Expected credit impairment	58	31
A20400	Loss (gain) on financial instruments at fair value through profit or loss net	(130,083)	18,165
A20900	Financial costs	1,361	3,137
A21200	Interest income	(2,139)	(2,959)
A21300	Dividend income	(21)	(20)
A22400	Shares of recognizing associated company income by using equity method	(31,798)	127,745
A22500	Disposal of loss of property, plant and equipment	-	83
A23100	Disposal of investment interests	(57,211)	-
A23200	Disposal of investment interests using the equity method	(55,665)	(44,227)
A22800	Loss of disposal of intangible assets	423	120
A23700	Stock depreciation and stagnation loss(return profit)	4,717	(1,976)
A23900	Realized sales profits between associate companies	7,653	(557)
A30000	Changes of operating assets and liabilities		
A31130	Bills receivable	-	6
A31140	Bill receivable-related parties	5	(5)
A31150	Accounts receivable	5,709	1,279
A31160	Accounts receivable-related parties	5,029	-
A31180	Other accounts receivables	(126)	(85)
A31190	Other receivables-related parties	332	4,724
A31200	Stock	(2,478)	1,794
A31240	Other current assets	19,127	42,877
A31990	Net defined benefit assets –non current	2,000	146
A32125	Contract liabilities	1,252	(11,789)
A32150	Account payables	192	63
A32160	Account payable-related party	8,692	857
A32180	other payables	(909)	(6,092)
A32190	Other payables-related parties	78	(23)
A32230	Other current liabilities	414	892

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Code		Year 2020	Year 2019 (after re-edition)
A33000	Cash generated from operations	(11,489)	(30,181)
A33300	Interest paid	(1,618)	(2,966)
A33500	income tax paid	(2,266)	23
AAAA	Net cash inflow from operating activities	(15,373)	(33,124)
Cash Flows from Investing Activities			
B00700	Financial assets measured at fair value through profit and loss, capital reduction and return of shares	126	-
B00030	Financial assets measured at fair value Through other comprehensive gains and losses	-	696
B00050	Disposal of financial assets measured at amortized cost	-	22,000
B00100	financial assets measured at fair value through profit and loss	(67,139)	-
B01800	Obtain long-term equity investment using the equity method	(83,042)	-
B01900	Disposal of long-term equity investments using the equity method	45,875	38,969
B00200	Disposal of financial assets measured at fair value through profit or loss	91,300	-
B02700	Purchase property, plant & equipment	(358)	(491)
B03800	Decrease of guarantee deposits (increase)	169	(169)
B04500	acquired intangible assets	(1,289)	(482)
B07500	Interests received	2,139	2,959
B07600	Dividends received	21	20
B07700	Receive dividends from subsidiaries, affiliates and joint ventures	10,451	514
B09900	Increase in other current assets	(228)	445
BBBB	Net cash inflow from investing activities	(1,975)	64,461
Cash flow from financing activities			
C00100	Increase in short-term borrowing	19,900	10,100
C01300	Repay long-term loans	(11,648)	-
C01600	Long-term loans	31,111	26,674
C03100	Guarantee Increase (decrease) in deposits	1,004	(1,364)
CCCC	Net cash inflow from financing activities	40,367	35,410
EEEE	Increase in cash and cash equivalents	23,019	66,747
E00100	Cash and cash equivalents at the beginning of the year	167,881	101,134
E00200	Balance of cash and cash equivalents at the end of the year	\$ 190,900	\$ 167,881

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to the audit report of the Deloitte & Touche on Mar. 24,2021)

Chairman: Chang Tse Ling Manager: Chang Tse Ling Accounting Supervisor: Li Hsiu Ting

EVERSPRING INDUSTRY CO., LTD
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Everspring Industry Co., Ltd (the “Company” or “Everspring”), a Republic of China (R.O.C.) corporation, was incorporated in New Taipei City on April, 1980. The Company started business in April of the same year. The main business is the manufacturing, reprocessing and trading of burglar alarm and other electronic products and parts.

On November 15, 1996, the Company’s shares were traded on the ROC Over-the-Counter Securities Exchange [ROSE]. On June 15, 1999, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

To enhancing the business benefits and brand integration of Everspring, the Company planned to reorganize of the group. On November 11, 2020, the board of directors (Everspring Industry Co., Ltd) resolved business combination with Auspistek Corporation. The reference date for the merger was December 1, 2020. Everspring would be the surviving company while Auspistek Corporation would be dissolved in the merger. For details, please refer Note 30.

This individual financial statement is denominated in NT Dollar, the functional currency of the Everspring.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The individual financial statements were approved and authorized for issue by the Board of Directors on March 24, 2021.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Except for the following, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant impact on the Company’s accounting policies:

1. Amendments to IAS 1 and IAS 8 on the “definition of material”

The Company adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the FSC for application starting from 2021

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-related Rent Concessions”	June 1, 2020

As of the date the individual financial statements were authorized for issue, the Company evaluated that there is no significant impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period.

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

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

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

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

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

1. Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- (1) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- (2) The Company chose the accounting policy from options permitted by the standards;
- (3) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- (4) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- (5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The individual financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Individual Financial Statements").

(2) Basis of preparation

The individual financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values.

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

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

When preparing the individual financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the individual basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the individual financial statements.

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

Current assets include:

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

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

(4) Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items

arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

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

For the purposes of presenting individual financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries and associates in other countries with currencies used different from the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests of the subsidiary and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Inventories

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

(6) Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Company.

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

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

When the Company's share of losses of an associate equals or exceeds its interest in that associate (including carrying amount of investments in associates using equity method and other long-term interests of net investment in associates and joint ventures), the Company continues recognizing its share of further losses.

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

amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the acquisition is recognized immediately in profit or loss. When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

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

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

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

(7) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

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

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

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (including carrying amount of investments in associates using equity method and other long-term interests of net investment in associates and joint ventures), the Company

discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in the associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in the associate, the Company will continue to use the equity method without re-evaluating the retained equity.

When the Company entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the individual financial statements to the extent of interests in the associate that are not related to the Company.

(8) Property, Plant and Equipment

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

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

(10) Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

(11) Impairment of tangible assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

(12) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial

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

a) Measurement categories

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

i. Financial assets at FVTPL.

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in gains on financial assets and liabilities at fair value through profit or loss. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized

Financial assets that meet the following conditions are subsequently

measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and repurchase bond. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCIC

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent

the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

(13) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. Sales are customers obtain control of the promised goods which is generally when the goods are delivered to the customers' specified locations.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable.

(14) Leases

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the individual balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(15) Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(16) Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 406	\$ 432
Checking accounts and cash in bank	145,412	114,480
Cash equivalents		
Time deposits with original maturities less than 3 months	-	29,980
Bonds with repurchase agreements	<u>45,082</u>	<u>22,989</u>
	<u>\$190,900</u>	<u>\$167,881</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank balance	0.01%~0.05%	0.001%~0.33%
Fixed deposits	-%	2.18%
Bonds with repurchase agreements	0.25%	0.45%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets - Current</u>		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
— Domestic listed shares	<u>\$225,583</u>	<u>\$ 61,935</u>
<u>Financial assets – Non-current</u>		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
— Mutual funds	<u>\$ 991</u>	<u>\$ 1,632</u>

1. As December 31, 2020, the Company acquired \$67,139,000 dollars of domestic listed shares of the financial assets – current which mandatorily measured at FVTPL. And the Company sold \$34,089 thousand dollars of domestic listed shares with the disposal price \$91,300,000 dollars. The gain of investment is \$57,211,000 dollars. As December 31, 2020, the financial assets – non-current with mandatorily measured at FVTPL is \$126,000 dollars.
2. As December 31, 2020 and 2019, the financial asset at fair value through profit or loss is \$130,083,000 dollars and (\$18,165) thousand dollars respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Domestic investment		
Listed and emerging shares		
Fubon Financial Holding Co., Ltd. (Ordinary share)	<u>\$ 188</u>	<u>\$ 186</u>
<u>Non-current</u>		
Domestic investment		
Unlisted shares		
Benetop Technology Co., Ltd. (Ordinary share)	<u>\$ 373</u>	<u>\$ 383</u>
Eleceram Technology Co., Ltd. (Ordinary share)	<u>21,476</u>	<u>15,143</u>
	<u>\$ 21,849</u>	<u>\$ 15,526</u>

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

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Notes receivable — Related parties	\$ <u>-</u>	\$ <u>5</u>
<u>Trade receivables</u>		
At amortized cost		
Carrying amount —		
Non-Related Parties	\$ 17,095	\$ 22,804
Carrying amount — Related		
Parties	5,587	10,616
Less: Allowance for		
impairment loss	(<u>143</u>)	(<u>85</u>)
	\$ <u>22,539</u>	\$ <u>33,335</u>
<u>Other receivables</u>	\$ <u>475</u>	\$ <u>349</u>
Other receivables — Related		
Parties	\$ <u>71,104</u>	\$ <u>71,436</u>

The Company applies the simplified approach prescribed by IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions, industrial economic atmosphere, and consider the industrial prospect. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Company's customer base.

The Company transfers a trade receivable to overdue receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the trade receivables are over 330 days past due. The Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in overdue receivable. For recognized in the loss allowance, the Company consider if there any collateral or guarantee of the overdue receivable.

The following table details the loss allowance of note receivables, trade receivables and overdue receivables:

December 31, 2020

	<u>Not Past Due</u>	<u>Less than 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 330 Days</u>	<u>More than 330 Days</u>	<u>Total</u>
Expected credit loss rate	0%~0.84%	0%~7.59%	5.47%~10.59%	9.80%~15.6%	11.73%~100%	
Gross carrying amount	\$ 22,667	\$ 15	\$ -	\$ -	\$ -	\$ 22,682
Loss allowance (lifetime ECLs)	(<u>143</u>)	-	-	-	-	(<u>143</u>)

Amortized cost	\$ 22,524	\$ 15	\$ -	\$ -	\$ -	\$ 22,539
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December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 330 Days	More than 330 Days	Total
Expected credit loss rate	0%	1.73%~3.73%	1.46%~10.58%	2.61%~5.65%	11.49%~100%	
Gross carrying amount	\$ 28,656	\$ 4,769	\$ -	\$ -	\$ -	\$ 33,425
Loss allowance (lifetime ECLs)	-	(85)	-	-	-	(85)
Amortized cost	\$ 28,656	\$ 4,684	\$ -	\$ -	\$ -	\$ 33,340

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

	December 31, 2020	December 31, 2019
Balance at January 1	\$ 85	\$ 54
Add: Net remeasurement of loss allowance	58	31
Balance at December 31	\$ 143	\$ 85

10. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods and merchandise	\$ 4,029	\$ 3,302
Raw materials and spare parts	2,057	4,561
	6,086	7,863
Overhead Used in Construction	10,378	10,840
	\$ 16,464	\$ 18,703

The allowance for inventory valuation losses for the years ended December 31, 2020 and 2019 was NT\$14,935,000 and NT\$17,980,000, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 and 2019 included reversal of inventory write-downs of NT\$4,717,000 and (NT\$1,976) thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was NT\$113,891,000 and NT\$128,406,000, respectively.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	\$ 1,054,885	\$ 916,500
Associates	<u>414,728</u>	<u>379,164</u>
	<u>\$ 1,469,613</u>	<u>\$ 1,295,664</u>

a. Investments in subsidiaries

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unlisted Company		
EVERSPRING INDUSTRY		
(S) PTE LTD.		
("(S) EVERSPRING")	\$ 319,660	\$ 290,488
EVERSPRING TECH USA,		
INC.		
("USA EVERSPRING")	4,545	3,815
WORLDTREND CO., LTD.		
("WORLDTREND")	304,309	257,101
UNINN TECHNOLOGY		
CO., LTD.		
("UNINN")	353,009	290,652
TUNG SHENG		
DEVELOPMENT		
CORPORATION		
("TUNG SHENG")	73,362	73,146
PHASE ELECTRONICS		
(UK) LTD.		
("PHASE		
ELECTRONICS")	(<u>728</u>)	<u>1,298</u>
	1,054,157	916,500
Add: Long-term investment loan		
transfer to other liabilities	<u>728</u>	<u>-</u>
	<u>\$ 1,054,885</u>	<u>\$ 916,500</u>

The following table shows the Company's proportion of ownership and voting right of associates at the end of the reporting date:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
(S) EVERSPRING	100.00%	100.00%
USA EVERSPRING	94.55%	94.55%
WORLDTREND	95.36%	95.36%
UNINN	100.00%	100.00%
TUNG SHENG	27.88%	27.88%
PHASE ELECTRONICS	100.00%	100.00%

And the Company was business combination with Asupistek Corporation at Season 4 in 2020. For details, please refer Note 30.

The calculation of the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments.

For the financial statements year 2020 of PHASE ELECTRONICS, EVERSPRING TECH USA, INC. and the financial statements year 2019 of Everspring Lubricant were not review by auditor because of their capital and revenue were not significant. Only the financial statements year 2019 of PHASE ELECTRONICS (UK) LTD was reviewed by other auditors. The financial statement of other subsidiaries have been reviewed. Management agree that there is no material impact for the above mentioned subsidiaries whose financial statement were not review by auditor.

b. Investments in associates

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Material associates		
Medigen Biotechnology Corporation ("Medigen")	<u>\$414,728</u>	<u>\$379,164</u>

Material associates

	<u>% of Ownership and Voting Rights Held by the Company</u>	
<u>N a m e o f A s s o c i a t e</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Medigen	10.14%	10.14%

Refer to Table 3 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

The Medigen is listed as associate because Everspring is the relatively large shareholder and be two seats of director and it is significant influence on Medigen.

The calculation of the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the associates' financial statements that have been audite.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows

<u>Name of Associate</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
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Medigen Biotechnology
Corporation

\$ 834,328

\$ 928,108

All the associates are accounted for using the equity method.

The Company's share of profit and other comprehensive income of associates for the years ended December 31, 2020 and 2019 were based on the associates' financial statements audited by independent auditors for the same period.

Medigen Biotechnology Co., Ltd. (Individual Financial Statement)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 483,438	\$ 246,776
Non-current assets	2,143,970	1,761,313
Current liabilities	(383,840)	(221,742)
Non-current liabilities	(428,150)	(425,238)
Equity	<u>\$ 1,815,418</u>	<u>\$ 1,361,109</u>
Proportion of the Group's ownership	10.14%	10.14%
Equity attributable to the Group	\$ 184,166	\$ 148,602
Accumulated impairment loss	(40,426)	(40,426)
Goodwill	306,320	306,320
Other adjustments	(35,332)	(35,332)
Carrying amount	<u>\$ 414,728</u>	<u>\$ 379,164</u>
	<u>YEAR 2020</u>	<u>YEAR 2019</u>
Operating revenue	<u>\$ 41,845</u>	<u>\$ 122,907</u>
Net profit for the year	(\$ 337,923)	(\$ 255,719)
Other comprehensive income (loss)	(24,430)	63,188
Total comprehensive income for the year	<u>(\$ 362,353)</u>	<u>(\$ 192,531)</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery and Equipment	Office Equipment	Molding Equipment	Other Equipment	TOTAL
<u>Cost</u>							
Balance at January 1, 2019	\$ 99,019	\$ 138,940	\$ 3,547	\$ 4,998	\$ 5,330	\$ 5,561	\$ 257,395
Additions	-	-	-	491	-	-	491
Disposals	-	(1,770)	(2,067)	(3,554)	(5,330)	(5,503)	(18,224)
Balance at December 31, 2019	<u>\$ 99,019</u>	<u>\$ 137,170</u>	<u>\$ 1,480</u>	<u>\$ 1,935</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 239,662</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2019	\$ -	\$ 70,573	\$ 2,627	\$ 3,838	\$ 4,726	\$ 4,803	\$ 86,567
Disposals	-	(1,770)	(1,987)	(3,551)	(5,330)	(5,503)	(18,141)
Depreciation	-	5,887	436	681	604	758	8,366
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 74,690</u>	<u>\$ 1,076</u>	<u>\$ 968</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 76,792</u>
Carrying amounts at December 31, 2019	<u>\$ 99,019</u>	<u>\$ 62,480</u>	<u>\$ 404</u>	<u>\$ 967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,870</u>
<u>Cost</u>							
Balance at January 1, 2020	\$ 99,019	\$ 137,170	\$ 1,480	\$ 1,935	\$ -	\$ 58	\$ 239,662
Additions	-	252	-	106	-	-	358
Disposals	-	(5,945)	(670)	(558)	-	(58)	(7,231)
Balance at December 31, 2020	<u>\$ 99,019</u>	<u>\$ 131,477</u>	<u>\$ 810</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,789</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2020	\$ -	\$ 74,690	\$ 1,076	\$ 968	\$ -	\$ 58	\$ 76,792
Disposals	-	(5,945)	(670)	(558)	-	(58)	(7,231)
Depreciation	-	5,348	229	268	-	-	5,845
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 74,093</u>	<u>\$ 635</u>	<u>\$ 678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,406</u>
Carrying amounts at December 31, 2020	<u>\$ 99,019</u>	<u>\$ 57,384</u>	<u>\$ 175</u>	<u>\$ 805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,383</u>

The Company carries out a periodic review of the impairment assessment for the property, plant and equipment; after the review, the Company found no indication of impairment for the years ended December 31, 2020 and 2019.

The depreciated are calculated on a straight-line basis over the following estimated useful lives:

Buildings	
Main building of plant	5 to 50 years
Electrical power plant	7 to 15 years
Engineering system	8 to 10 years
Machinery and Equipment	3 years
Transportation	5 years
Office equipment	3 to 5 years
Molding equipment	2 years
Other equipment	3 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 27.

13. INVESTMENT PROPERTIES

	December 31, 2020	December 31, 2019
Completed investment properties	<u>\$236,210</u>	<u>\$241,354</u>
		<u>Completed investment</u>

	<u>properties</u>
<u>Cost</u>	
Balance at January 1, 2019	\$334,563
Disposals	<u>-</u>
Balance at December 31, 2019	<u>\$334,563</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2019	(\$ 88,065)
Disposals	<u>-</u>
Depreciation expense	(<u>5,144</u>)
Balance at December 31, 2019	(<u>\$ 93,209</u>)
<u>Cost</u>	
Balance at January 1, 2020	\$334,563
Disposals	<u>-</u>
Balance at December 31, 2020	<u>\$334,563</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	(\$ 93,209)
Disposals	
Depreciation expense	(<u>5,144</u>)
Balance at December 31, 2020	(<u>\$ 98,353</u>)

The completed investment properties are depreciated under the straight-line method over their estimated useful lives of 45 to 50 years.

- a) The fair values of the investment properties which are land and plant at Guishan District, Taoyuan City and Tucheng District, New Taipei City of the Group on December 31, 2020 and 2019 were \$600,417,000 and \$628,481,000, respectively. The fair value was not evaluated by independent qualified professional valuers. The valuation was arrived at by reference to the market evidence of transaction price for similar properties, and the fair value was measured by using Level 3 inputs. The fair value was made reference with market price of similar property because of no significant change of the property's price in these regions during 2019 and 2020.
- b) The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2020 and 2019 is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Year 1	\$ 6,376	\$ 5,643
Year 2	4,618	4,696
Year 3	2,537	3,015
Year 4	-	700
Year 5	<u>-</u>	<u>-</u>
	<u>\$ 13,531</u>	<u>\$ 14,054</u>

- c) All investment properties of the Company is its own equity. The investment properties pledged as collateral for bank borrowings are set out in Note 27.

14. OTHER ASSETS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Prepayments of investment	\$ -	\$ 14,555
Payment in advance	-	1,371
Others	<u>2,463</u>	<u>5,664</u>
	<u>\$ 2,463</u>	<u>\$ 21,590</u>
<u>Non-current</u>		
Prepayments of equipment	\$ 240	\$ -
Others	<u>78</u>	<u>90</u>
	<u>\$ 318</u>	<u>\$ 90</u>

Payment in advance is for transaction with Dongguan Li Yuan Electronics Co., Ltd. (“Dongguan Li Yuan”). Since the mainly payment method is set off by debit and credit. Dongguan Li Yuan needs prepay the cost of raw materials.

15. BORROWINGS

a. Short term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured borrowings (Note 27)</u>		
— Bank loans	<u>\$ 30,000</u>	<u>\$ 10,100</u>

The interest rates of bank loans were 1.2% and 1.35%-1.77% as of December 31, 2020 and 2019, respectively.

b. Long-term borrowings

	<u>Maturity date</u>	<u>Significant Covenant</u>	<u>Interest rate</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured borrowings (Note 27)					
First Commercial Bank					
Long-term bank loans	2019.12.20 -2024.12.20	Long-term credit loan, principal repayment at maturity, from December 20, 2019 to December 20, 2024, interest is monthly basis	1.45%~1.60%	\$ 48,352	\$ 60,000
Bank of Taiwan					
Collateralised borrowing	2020.04.15 - 2023.04.14	Long-term credit loan, principal repayment at maturity, from April 15, 2020 to April 15, 2023, interest is monthly basis	1.6406%	<u>31,111</u>	-
				79,463	60,000
Less: Current portion of long-term borrowings				(<u>25,160</u>)	(<u>11,619</u>)
Long-term bank loans				<u>\$ 54,303</u>	<u>\$ 48,381</u>

Land and buildings as collateral provided for funds borrowed from banks.

16. NOTES AND ACCOUNTS PAYABLES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Account payables</u>		
Account payables - caused by	<u>\$ 1,263</u>	<u>\$ 1,071</u>

operation

The repayment period of accounts receivables is 30-90 days and interest free. Financial risk management policy to ensure all the repayment with in the credit period.

17. OTHER LIABILITIES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
OTHER ACCOUNT PAYABLES		
Salary Payables	\$ 6,410	\$ 8,244
NHI and labour insurance		
payables	951	1,330
Pension Payables	1,101	888
Bonus Payables	5,063	4,401
Interest Payables	47	33
Others	2,429	2,271
	<u>\$ 16,001</u>	<u>\$ 17,167</u>
<u>Non-current</u>		
Guarantee Deposit	<u>\$ 2,458</u>	<u>\$ 1,454</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.45% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The company has cancelled the old pension account by Labor Affairs Department, New Taipei City Government on November 3, 2020 and received back \$12,667,000 dollars which listed under other income.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Net defined benefit assets	<u>\$ -</u>	<u>\$ 2,000</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	<u>\$ 29,312</u>	<u>(\$ 30,797)</u>	<u>(\$ 1,485)</u>
Service cost			
Current service cost	160	-	160
Net interest expense (income)	<u>258</u>	<u>(272)</u>	<u>(14)</u>
Net interest expense (income)	<u>418</u>	<u>(272)</u>	<u>146</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,127)	(1,127)
Actuarial loss			
— changes in			
demographic assumptions	22	-	22
— changes in financial			
assumptions	366	-	366
— experience			
adjustments	<u>78</u>	<u>-</u>	<u>78</u>
Recognized in other comprehensive income	<u>466</u>	<u>(1,127)</u>	<u>(661)</u>
Balance at December 31, 20 19	<u>\$ 30,196</u>	<u>(\$ 32,196)</u>	<u>(\$ 2,000)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans in accordance with the pension cost rate for the years ended December 31, 2020 and 2019 is as follows:

	YEAR 2020	YEAR 2019
MARKETING COST	<u>\$ 37</u>	<u>\$ 146</u>

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

- a) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- b) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- c) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were

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

	<u>December 31, 2019</u>
Discount rate(s)	0.63%
Expected rate(s) of salary increase	1.00%
Resign rate(s)	0.20%~5.00%

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

	<u>December 31, 2019</u>
Discount rate	
0.5% increase	(\$ 718)
0.5% decrease	\$ 1,238
Expected rate(s) of salary increase	\$ 1,224
0.5% increase	(\$ 719)

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

	<u>December 31, 2019</u>
Expected contributions to the plan for the next year	\$ -
Average duration of the defined benefit obligation	6 years

19. EQUITY

a. Share capital

Ordinary shares

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>380,000</u>	<u>380,000</u>
Shares authorized	<u>\$ 3,800,000</u>	<u>\$ 3,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>214,021</u>	<u>214,021</u>
Shares issued	<u>\$ 2,140,216</u>	<u>\$ 2,140,216</u>

Ordinary shares issued have a par value of \$10, carry one vote per share and carry the right to receive dividends.

b. Capital surplus

	December 31, 2020	December 31, 2019
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>		
Conversion of bonds	\$ 219,420	\$ 219,420
Gain on disposal of assets	424	424
<u>May be used to offset a deficit only</u>		
Share of change in capital surplus of associates or joint ventures	<u>234,986</u>	<u>165,822</u>
	<u>\$ 454,830</u>	<u>\$ 385,666</u>

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

c. Retained earnings and dividend policy

Under the Company's dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 21(6).

The appropriation of earnings mentioned above shall be retained by the board of directors in accordance with the changing operating environment, operation and investment needs. When dividends are declared, cash dividends must be at least 20% of total dividends declared.

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

According to Order No. 1010012865 issued by the FSC, Order No. 1010047490 issued by the FSC, Order No. 1030006415 issued by the FSC and International Financial Reporting Standards and "Q&A on the application of the reference to the special reserve following adoption of IFRSs", retained earnings should be appropriated to or reversed from a special reserve by the Company.

The loss off-setting for 2019 and 2018 had been approved in the shareholders' meetings of the Company on June 16, 2020 and June 20, 2019, respectively.

The loss off-setting for 2020 are subject to the resolution of the shareholders' meeting to be on June 22, 2021.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign

	December 31, 2020	December 31, 2019
Balance at January 1	<u>(\$ 40,372)</u>	<u>(\$ 27,564)</u>
Exchange differences arising on translation of foreign operations	(<u>8,602</u>)	(<u>12,808</u>)
Balance at December 31	<u>(\$ 48,974)</u>	<u>(\$ 40,372)</u>

2) Unrealized valuation gain (loss) on financial assets at FVOCI

	December 31, 2020	December 31, 2019
Balance at January 1	<u>(\$ 31,570)</u>	<u>(\$ 36,524)</u>
Recognized for the period		
Unrealized gain and loss		
Equity instruments	6,325	1,237
Share from associates accounted for using the equity method	6,396	11,529
Cumulative unrealized gain of equity instruments transferred to retained earnings	<u>-</u>	(<u>7,812</u>)
Balance at December 31	<u>(\$ 18,849)</u>	<u>(\$ 31,570)</u>

20. REVENUE

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Revenue from contracts with customers		
Sales revenue	\$120,961	\$153,585
Other operating revenue	<u>3,898</u>	<u>9,057</u>
	<u>\$124,859</u>	<u>\$162,642</u>
Notes Receivables and Accounts Receivables (note 9 & 26)	<u>\$ 22,539</u>	<u>\$ 33,340</u>
Contract liabilities -current		
Sales of goods	<u>\$ 6,235</u>	<u>\$ 4,983</u>

For the contract is non-cancellable, there is no limitation of the Company to list the contract fee as account receivables and contract liabilities, or list to contract liabilities

when received the fee.

21. Net Profit (Loss) for the Year

This year's net profit (loss) includes the following items :

(1) Interest Income

	2020	2019
Bank Savings	\$ 907	\$ 1,372
Others	<u>1,232</u>	<u>1,587</u>
	<u>\$ 2,139</u>	<u>\$ 2,959</u>

(2) Other Income

	2020	2019
Dividend Income	\$ 21	\$ 20
Rental Income	6,665	6,717
Others	<u>15,940</u>	<u>1,921</u>
	<u>\$ 22,626</u>	<u>\$ 8,658</u>

(3) Other Profits and Losses

	2020	2019
Disposal of Losses of Fixed Assets	\$ -	(\$ 83)
Disposal of Investment Interests	112,876	44,227
Disposal of Losses of Intangible Assets	(423)	(120)
Mandatory Profit (Loss) of Financial Assets Measured at Fair Value Through Profit and Loss	130,083	(18,165)
Net Foreign Currency Exchange Losses	(9,183)	(1,540)
Depreciation of Investment Property	(5,144)	(5,144)
Others	<u>1,101</u>	<u>(4,462)</u>
	<u>\$229,310</u>	<u>\$ 14,713</u>

(4) Financial Costs

	2020	2019
Interest on Bank Loans	(\$ 1,361)	(\$ 424)

(5) Depreciation and Amortization

	2020	2019
Fixed Assets	\$ 5,845	\$ 8,366
Investment Property	5,144	5,144
Other Intangible Assets	1,191	1,373
Total	<u>\$ 12,180</u>	<u>\$ 14,883</u>
Depreciation Expenses		
Summarized by Function		
Operating Costs	\$ -	\$ 605
Operating Expenses	5,845	7,761
Other Profits & Losses	5,144	5,144
Total	<u>\$ 10,989</u>	<u>\$ 13,510</u>
Amortization Expenses		
Summarized by Function		
Operating Expenses	<u>\$ 1,191</u>	<u>\$ 1,373</u>

(6) Expenses of Employee's Benefits

	2020	2019
Post-retirement Benefits		
Confirmed Distribution Plan	\$ 3,102	\$ 3,357
Confirmed Welfare Plan (Note 18)	37	146
	3,139	3,503
Other Employee's Benefits	<u>66,979</u>	<u>72,300</u>
Total Expenses of Employee's Benefits	<u>\$ 70,118</u>	<u>\$ 75,803</u>
Summary by Function		
Operating Costs	\$ 5,254	\$ 4,364
Operating Expenses	64,864	71,439
Total	<u>\$ 70,118</u>	<u>\$ 75,803</u>

The Company respectively uses 3.75% to 12% and no more than 3% of the benefits before tax of the current year before deducting the distribution of employees and directors and supervisors to provide employees' remuneration and directors and supervisors' remuneration.

If there are any amount changes after the date of publication of the annual individual financial statements, it will be treated as the changes in accounting estimates and adjusted to account in the next year.

EVERSPRING INDUSTRY CO., LTD. is accumulated losses in 2020 and 2019, the remuneration of employees and the remuneration of directors and supervisors are not estimated.

The relevant information regarding the employees and directors' remuneration resolved by the Company's board of directors, please go to the "Market Observation Post System" of Taiwan Stock Exchange for inquiries.

22. Income Taxes

(1) Income Tax Recognized in Profit or Loss

The main components of income tax expenses are as follows :

	2020	2019
Current Tax		
Generated This Year	\$ 6,267	\$ 2,411
Deferred Tax		
Generated This Year	(1,816)	(995)
Income Tax Recognized in Profit or Loss	<u>\$ 4,451</u>	<u>\$ 1,416</u>

The adjustments of accounting income and current income tax expenses are as follows :

	2020	2019
Net Profit (Loss) before Tax	<u>\$199,719</u>	<u>(\$179,250)</u>
The Income Tax Expenses of Net Profit (loss) before Tax Calculated at the Statutory Tax Rate	\$ 39,944	\$ -
Income not Recognized in Tax	(39,944)	-
Basic Income Tax	6,267	2,411
Unrecognized Deductible Temporary Differences	(1,816)	(995)
Income Tax Interest Recognized in Profit and Loss	<u>\$ 4,451</u>	<u>\$ 1,416</u>

(2) Assets of Current Tax

	December 31, 2020	December 31, 2019
Assets of Current Tax		
Tax Refund Receivable	<u>\$ -</u>	<u>\$ 254</u>
Liabilities of Current Tax		
Income Tax Payable	<u>\$ 6,153</u>	<u>\$ 2,406</u>

(3) Assets and Liabilities of Deferred Tax

The adjustments of the assets and liabilities of deferred tax are as follows :

2020

	Opening Balance	Recognized in Profit and Loss	Closing Balance
<u>Assets of Deferred Tax</u>			
Temporary Differences			
Allowance for Bad Debts	\$ 5,756	(\$ 116)	\$ 5,640
Unrealized Exchange Profits and Losses	570	(118)	452
Unrealized Gross Profit	-	1,523	1,523
Investment Profits and Losses Recognized by the Equity Method	74,174	-	74,174
Unrealized Compensation for Losses	714	-	714
	<u>\$ 81,214</u>	<u>\$ 1,289</u>	<u>\$ 82,503</u>
<u>Liabilities of Deferred Tax</u>			
Temporary Differences			
Unrealized Gross Profit	\$ 8	(\$ 8)	\$ -
Accrued Pension Liabilities	519	(519)	-
	<u>\$ 527</u>	<u>(\$ 527)</u>	<u>\$ -</u>

2019

	Opening Balance	Recognized in Profit and Loss	Closing Balance
<u>Assets of Deferred Tax</u>			
Temporary Differences			
Allowance for Bad Debts	\$ 5,786	(\$ 30)	\$ 5,756
Unrealized Exchange Profits and Losses	-	570	570
Unrealized Gross Profit	104	(104)	-
Investment Profits and Losses Recognized by the Equity Method	74,174	-	74,174
Unrealized Compensation for Losses	714	-	714
	<u>\$ 80,778</u>	<u>\$ 436</u>	<u>\$ 81,214</u>
<u>Liabilities of Deferred Tax</u>			
Temporary Differences			
Unrealized Exchange Profits and Losses	\$ 537	(\$ 537)	\$ -
Unrealized Gross Profit	-	8	8
Accrued Pension Liabilities	549	(30)	519
	<u>\$ 1,086</u>	<u>(\$ 559)</u>	<u>\$ 527</u>

(4) Information about Unused Investment Deductions, Loss Deductions and Tax Exemptions

As of December 31, 2020, the relevant information about loss deduction is as follows :

Un-deducted Balance	Last Year of Deduction
\$ 8,527	2025
24,650	2026
98,759	2027
112,079	2028
74,186	2029
<u>60,824</u>	2030
<u>\$379,025</u>	

(5) Income Tax Verification Status

The Company's settlement and declaration of the profit-seeking enterprise income tax in 2018 and previous years has been verified by the tax collection agency.

23. Earnings Per Share (Losses)

Used to calculate the earnings (loss) per share and the weighted average number of ordinary shares are as follows :

Current Net Profit (Loss)

	2020	2019
Net Profit (Loss) for the Year	\$195,268	(\$180,666)
The Impact of Diluting Potential Ordinary Shares:		
Employees' Remuneration	-	-
Used to Calculate the Profits (Losses) of Diluted Earnings (Losses) per Share	<u>\$195,268</u>	<u>(\$180,666)</u>

Number of Shares

Unit : In Thousands of Shares

	2020	2019
The Weighted Average Number of Ordinary Shares Used to Calculate the Basic Earnings (Losses) per Share	214,021	214,021
The Impact of Diluting Potential Ordinary Shares:		
Employees' Remuneration	-	-
The Weighted Average Number of Ordinary Shares Used to Calculate the Diluted Earnings (Losses) per Share	<u>214,021</u>	<u>214,021</u>

If the Company chooses to distribute employees' remuneration in stocks or cash, when calculating the diluted earnings per share, it is assumed that employees' remuneration will be distributed in stocks, and when the potential ordinary stock has a diluting effect, it is included in the weighted average number of outstanding shares to calculate diluted earnings per share. When calculating the diluted earnings per share before the shareholders' meeting in the following year decides on the number of shares

to be distributed for employees' remuneration, the dilution effect of these potential ordinary shares will also be considered.

24. Capital Risk Management

The Company conducts capital management to ensure that the companies in the group can be under the premise of continuous operation and maximize shareholder compensation by optimizing the balance of debt and equity.

The capital structure of the Company is composed of the net debts (i.e. borrowings minus cash and cash equivalents) and the equity (i.e. capital stock, capital reserves, retained earnings and other equity items).

The Company does not have to comply with other external capital requirements.

25. Financial Instrument

(1) Fair value information – financial instruments not measured at fair value

The management of the Company believes that the carrying amount of financial assets and financial liabilities that are not measured by fair value approaches their fair value.

(2) Fair value information – financial instruments measured at fair value

1. Fair Value Hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit and loss</u>				
Domestic Listed (OTC) Stocks	\$ 225,583	\$ -	\$ -	\$ 225,583
Fund Beneficiary Certificate	-	-	991	991
Total	<u>\$ 225,583</u>	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ 226,574</u>

Financial assets measured at fair value through other comprehensive income and losses

Domestic Listed (OTC) Stocks	\$ 188	\$ -	\$ -	\$ 188
Domestic Unlisted (Un-OTC) Stocks	-	-	21,849	21,849
Total	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ 21,849</u>	<u>\$ 22,037</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit and loss</u>				
Domestic Listed (OTC) Stocks	\$ 61,935	\$ -	\$ -	\$ 61,935
Fund Beneficiary Certificate	-	-	1,632	1,632
Total	<u>\$ 61,935</u>	<u>\$ -</u>	<u>\$ 1,632</u>	<u>\$ 63,567</u>

Financial assets measured at fair value through other comprehensive income and losses

Domestic Listed (OTC) Stocks	\$ 186	\$ -	\$ -	\$ 186
Domestic Unlisted (Un-OTC) Stocks	-	-	15,526	15,526
Total	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ 15,526</u>	<u>\$ 15,712</u>

In 2020 and 2019, there were no transfers of fair value measurement between level 1 and level 2.

2. Reconciliation of Financial Assets Measured by Level 3 Fair Value
2020

	Measured at Fair Value Through Profit and Loss	Financial Assets Measured at fair Value Through Other Comprehensive Income and Losses
	Equity Instrument	Equity Instrument
Opening Balance	\$ 1,632	\$ 15,526
Recognized in Profit and Loss (other Profits and Losses)	(515)	-
Recognized in Other Comprehensive Income and Losses (Unrealized Profits and Losses of Financial Assets Measured at Fair Value Through Other Comprehensive Income and Losses)	-	6,323
Capital Reduction and Refund of Shares	(126)	-
Closing Balance	<u>\$ 991</u>	<u>\$ 21,849</u>

2019

	Measured at Fair Value Through Profit and Loss	Financial Assets Measured at fair Value Through Other Comprehensive Income and Losses
	Equity Instrument	Equity Instrument
Opening Balance	\$ 5,677	\$ 14,982
Recognized in Profit and Loss (other Profits and Losses)	(4,045)	-
Recognized in Other Comprehensive Income and Losses (Unrealized Profits and Losses of Financial Assets Measured at Fair Value Through Other Comprehensive Income and Losses)	-	1,240
Capital Reduction and Refund of Shares	-	(696)
Closing Balance	<u>\$ 1,632</u>	<u>\$ 15,526</u>

3. Evaluation Technology and Input Value for Level 3 Fair Value Measurement
The fair value estimation of financial assets measured at fair value through other comprehensive income and losses is based on the analysis of the investee's financial status and operating results, with reference to companies with similar businesses, their stock quotes in active markets, and the value multiplier implied by such prices and related transaction information. Considering the difference between the evaluation target and the comparable target, use an appropriate multiplier to estimate the value of the evaluation target.

(3) Categories of Financial Instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial Assets</u>		
Financial Assets Measured at Fair Value Through Profit and Loss	\$226,574	\$ 63,567
Financial Assets Measured at Fair Value Through Other Comprehensive Income and Losses		
Investment of Equity Instrument	22,037	15,712
Financial Assets Measured at Amortized Cost (Note 1)	285,018	273,006
<u>Financial Liabilities</u>		
Measured at Amortized Cost (Note 2)	137,265	90,106

Note 1 : The balance includes the financial assets measured at amortized cost such as cash and cash equivalents, notes receivable, notes receivable – related parties, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties and the time deposits of the original due date over 3 months, etc.

Note 2 : The balance includes the financial liabilities measured at amortized cost such as short-term loans, notes payable, accounts payable, other payables, other payables – related parties, long-term loans due date within one year and long-term loans, etc.

(4) Objectives and Policies of Financial Risk Management

The main financial instruments of the Company include equity investment, note receivable, notes receivable – related parties, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, notes payable, accounts payable, accounts payable – related parties, other payables and loans. The Company's financial management department provides services for various business units, overall plans and coordinates access to operate domestic and international financial market, and supervises and manages financial risks related to the Company's operations by analyzing internal risk reports based on the degree and breadth of risk. These risks include market risks (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

The board of directors is responsible for overseeing risks and implementing the policies to reduce risks.

The financial management department reports quarterly to the board of directors of the Company. The board of directors is an independent organization responsible for monitoring risks and implementing policies to reduce risk

1. Market Risk

The operating activities of the Company make the Company bear the main financial risks that are the risk of changes in foreign currency exchange rates (see below (1)) and the risk of changes in interest rates (see below (2)).

The Company's risks related to market risks of financial instruments and their management and measurement methods have not changed.

(1) Currency Risk

The Company is engaged in sales and purchase transactions denominated in foreign currencies. As a result, the Company has the risk of exchange rate changes.

The carrying amounts of monetary assets and monetary liabilities of the Company that are not denominated in functional currencies at the balance sheet date are detailed in Note 31.

Sensitivity Analysis

The Company is mainly affected by fluctuations in the exchange rate of the U.S. dollar.

The following table details the sensitivity analysis of the Company when the exchange rate of the New Taiwan Dollar (functional currency) to each relevant foreign currency increases and decreases by 1%. 1% is the sensitivity rate used when reporting exchange rate risks to the key management within the Company, and also represents the management's evaluation of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis only includes monetary items in foreign currencies in circulation and forward foreign exchange contracts designated as cash flow hedging. The positive numbers in the following table indicate the amount of increase in net profit or equity before tax when the New Taiwan Dollar depreciates by 1% relative to each relevant currency; when the New Taiwan Dollar appreciates by 1% relative to each relevant foreign currency, its impact on net profit or equity before tax will be a negative number of the same amount.

	Impact of U.S. Dollars	
	2020	2019
Profits and Losses	\$ 279 (i)	\$ 774 (i)

- (i) Mainly derived from the USD-denominated monetary items of the Company that are still in circulation on the balance sheet date and have not conducted cash flow hedging.

(2) Interest Rate Risk

Due to the entities in the Company borrow funds at fixed and floating interest rates at the same time, interest rate risk is incurred. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
With Fair Value		
Interest Rate Risk		
— Financial Assets	\$ 45,082	\$ 52,969
— Financial Liabilities	79,463	60,000
With Cash Flow		
Interest Rate Risk		
— Financial Assets	145,391	114,457

— Financial		
Liabilities	30,000	10,100

Sensitivity Analysis

The sensitivity analysis below is determined based on the interest rate risk of derivative and non-derivative instruments on the balance sheet date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities outstanding on the balance sheet date is in circulation during the reporting period. The rate of change used when reporting interest rates to the key management within the Company is an increase or decrease of 0.25%, which also represents management's evaluation of the reasonably possible range of changes in interest rates.

If the interest rate increases/decreases by 0.25% and all other variables remain unchanged, the Company's net loss before tax for 2020 and 2019 will increase/ decrease by NT\$288 thousand and NT\$261 thousand, mainly due to the part of risk of interest rate changes caused by bank deposits and bank borrowings of the Company's floating interest rate calculation.

(3) Other Price Risks

The Company incurs the equity price risk due to the listed (OTC) equity securities investment. The equity price risk of the Company is mainly concentrated on the equity instruments of the ROC Stock Exchange. The equity price risk of the Company is still under the control of the management.

Sensitivity Analysis

The sensitivity analysis below is based on the equity price risk on the balance sheet date.

If the equity price increases/decreases by 1%, the 2020 profits (losses) before tax will increase/decrease by NT\$2,266 thousand due to the changes in the fair value of financial assets measured at fair value through profit and loss. The 2020 other comprehensive income and losses before tax will increase/decrease by NT\$220 thousand due to changes in the fair value of financial assets measured at fair value through other comprehensive income and losses.

If the equity price increases/decreases by 1%, the 2019 profits (losses) before tax will increase/decrease by NT\$636 thousand due to the changes in the fair value of financial assets measured at fair value through profit and loss. The 2019 other comprehensive income and losses before tax will increase/decrease by NT\$157 thousand due to changes in the fair value of financial assets measured at fair value through other comprehensive income and losses.

2. Credit Risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the Company. As of the balance sheet date, the maximum credit risk of the Company that may cause financial losses due to the counterparty's failure to perform obligations is mainly derived from the carrying amount of financial assets recognized in the consolidated balance sheet.

The policy adopted by the Company is to only trade with reputable objects and obtain sufficient guarantees when necessary to reduce the risk of financial losses due to defaults. The Company only deals with the companies whose ratings are equal to or higher than the investment level. Such information is provided by independent rating agencies; if such information is not available, the Company will use other publicly available financial information and mutual transaction records to rate the major customers. The Company continues to monitor the credit risk and the credit rating of the counterparty, spreads the total transaction amounts to the customers with qualified credit ratings, and controls the credit risk through the counterparty credit limit that is reviewed and approved by the board of directors every year.

In order to reduce the credit risk, the management of the Company assigns a dedicated team to be responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company will review the recoverable amounts of receivables one by one on the balance sheet date to ensure that the appropriate impairment losses have been listed for the unrecoverable receivables. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with high credit ratings given by international credit rating agencies, therefore, the credit risk is limited.

3. Liquidity Risk

The Company manages and maintains sufficient cash and cash equivalents to support the group's operations and reduce the impact of cash flow fluctuations. The management of the Company supervises the use status of the bank's financing lines and ensures compliance with the terms of the loan contract.

(1) Liquidity and Interest Rate Risk Table of Non-derivative Financial Liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest date that the Company may be required to repay, and is compiled based on the undiscounted cash flows of the financial liabilities (including principal and estimated interest).

Therefore, the bank loans that the Company can be required to repay immediately are within the earliest period in the table below, regardless of the probability of the bank immediately executing the right; the maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted interest amount is derived from the yield curve on the balance sheet date.

December 31, 2020

	Pay on Demand or Less Than 1 Month		1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
<u>Non-derivative Financial Liabilities</u>						
Floating Interest	\$	-	\$ 30,030	\$ -	\$ -	\$ -

Rate Instruments					
Fixed Interest					
Rate Instruments	-	-	26,005	56,083	-
	<u>\$ -</u>	<u>\$ 30,030</u>	<u>\$ 26,005</u>	<u>\$ 56,083</u>	<u>\$ -</u>

December 31, 2019

	Pay on Demand or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
<u>Non-derivative</u>					
<u>Financial</u>					
<u>Liabilities</u>					
Floating Interest					
Rate Instruments	\$ -	\$ 100	\$ 10,040	\$ -	\$ -
Fixed Interest					
Rate Instruments	-	-	12,543	52,230	-
	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 22,583</u>	<u>\$ 52,230</u>	<u>\$ -</u>

The amount of floating interest rate instruments for the aforementioned non-derivative financial assets and liabilities will be changed due to the difference between the floating interest rate and the interest rate estimated on the balance sheet date.

(2) Financing Line

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guaranteed Bank Overdraft Line		
— Used Amount	\$109,463	\$ 70,100
— Unused Amount	<u>204,537</u>	<u>306,900</u>
	<u>\$314,000</u>	<u>\$377,000</u>

26. Related Party Transaction

The transactions between the Company and related parties are as follows :

(1) Name and Relations of Related Parties

Name of Related Parties	Relations with the Company
Worldtrend Co., Ltd. (Worldtrend)	Subsidiary
UNIINN Technology Co., Ltd. (Referred to as UNIINN Co.)	Subsidiary
Tung Sheng Development Corporation (Referred to as Tung Sheng Development)	Subsidiary
PHASE ELECTRONICS (UK) LTD. (Referred to as PHASE)	Subsidiary
EVERSPRING TECH USA, INC. (Referred to as US EVERSPRING)	Subsidiary
EVERSPRING INDUSTRY (S) PTE LTD. (Referred to as Singapore EVERSPRING)	Subsidiary
Dongguan Li Yuan Electronics Co., Ltd. (Referred to as Dongguan Li Yuan Co.)	Subsidiary
Dongguan Found Chain IOT Co., Ltd. (Referred to as Dongguan Found Chain Co.)	Subsidiary
Ningbo Guanglian Electronics Co., Ltd. (Referred to as Ningbo Guanglian)	Subsidiary
Everspring Lubricant Co., Ltd. (Referred to as Lubricant Co.)	Subsidiary
Medigen Vaccine Biologics Corporation (Referred to as Medigen Vaccine)	Other Affiliated Company
Tong Chuang Construction and Development Co., Ltd. (Referred to as Tong Chuang Co.)	Other Affiliated Company

(2) Operating Revenues

Account Item	Category/Name of Related Parties	2020	2019
Sales Revenues	Subsidiary		
	Worldtrend	\$ 18,714	\$ -
	Others	<u>8,846</u>	<u>8,807</u>
		<u>\$ 27,560</u>	<u>\$ 8,807</u>
Other Operating Revenues	Subsidiary	\$ 867	\$ 800
	Other Affiliated Company		
	Tong Chuang Co.	<u>2,110</u>	<u>2,356</u>
		<u>\$ 2,977</u>	<u>\$ 3,156</u>

The sales prices of the Company's products sold to related parties in 2020 and 2019 are calculated based on the Company's product cost plus. The terms of

collection are within 60-360 days after the end of the month, which is the same as that of general domestic customers.

There are no major differences between the sales prices and payment transaction conditions from the general manufacturers.

(3) Purchase

Category/Name of Related Parties	2020	2019
Subsidiary		
Dongguan Found Chain Co.	\$ 11,772	\$ 53,803
Dongguan Li Yuan Co.	73,273	38,625
Ningbo Guanglian	2,911	23,257
Others	<u>1,275</u>	<u>93</u>
	<u>\$ 89,231</u>	<u>\$115,778</u>

The Company purchases goods from related parties in 2020 and 2019, some payment methods adopt the method of offsetting creditor's rights and debts, and some are payment within 30 days after the month end.

(4) Accounts Receivable from the Related Parties

Account Item	Category/Name of Related Parties	December 31, 2020	December 31, 2019
Bill Receivable	Subsidiary		
	UNIINN Co.	<u>\$ -</u>	<u>\$ 5</u>
Accounts Receivable	Subsidiary		
	Dongguan Found Chain Co.	\$ -	\$ 2,389
	UNIINN Co.	-	2,386
	US EVERSPRING	751	1,707
	PHASE	774	355
	Others	353	70
	Other Affiliated Company		
	Tong Chuang Co.	<u>3,709</u>	<u>3,709</u>
		<u>\$ 5,587</u>	<u>\$ 10,616</u>
Other Receivables	Subsidiary		
	Tong Chuang Co.	\$ 60,000	\$ 60,017
	Singapore	10,170	10,189
	EVERSPRING		
	PHASE	907	955
	Others	<u>27</u>	<u>275</u>
		<u>\$ 71,104</u>	<u>\$ 71,436</u>

No guarantee is received for the outstanding accounts receivable from related parties. No allowance for losses is provided for the accounts receivable from related parties in 2020 and 2019.

Other accounts receivable from related parties including loans to related parties is as follows :

<u>Category of Related Parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other Receivables		
Subsidiary		
Tung Sheng Development	<u>\$ 60,000</u>	<u>\$ 60,000</u>

(5) Accounts Payable to Related Parties (Not Including Borrowings from Related Parties)

<u>Account Item</u>	<u>Category/Name of Related Parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts Payable	Subsidiary		
	Dongguan Found Chain Co.	\$ 8,145	\$ 1,643
	Ningbo Guanglian Co. UNIINN	1,466 724	- -
		<u>\$ 10,335</u>	<u>\$ 1,643</u>
Other Payable	Subsidiary		
	Worldtrend	<u>\$ 203</u>	<u>\$ 125</u>

(6) Pre-payments

<u>Category/Name of Related Parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary		
Ningbo Guanglian	\$ -	\$ 1,371
Worldtrend	72	-
	<u>\$ 72</u>	<u>\$ 1,371</u>

(7) Obtain Financial Assets
2020

<u>Category of Related Parties</u>	<u>Related Parties Participating in the Bidding Auction</u>	<u>Account Item</u>	<u>Way of Obtaining</u>	<u>Number of Shares Traded</u>	<u>Transaction Subject</u>	<u>The Price Obtained</u>
Other Affiliated Company						
Medigen Vaccine	Everspring	Financial Assets Measured at Fair Value Through Profit and Loss	Cash Capital Increase	658	Stock	\$ 52,584

2019

<u>Category of Related Parties</u>	<u>Related Parties Participating in the Bidding Auction</u>	<u>Account Item</u>	<u>Way of Obtaining</u>	<u>Number of Shares Traded</u>	<u>Transaction Subject</u>	<u>The Price Obtained</u>
Other Affiliated Company						
Medigen Vaccine	Everspring	Prepaid Investment	Cash Capital Increase	560	Stock	<u>\$ 14,555</u>

(8) Rental Income

Account Item	Category/Name of Related Parties	2020	2019
Rental Income	Subsidiary		
	Worldtrend	\$ 1,572	\$ 1,746
	Others	545	594
		<u>\$ 2,117</u>	<u>\$ 2,340</u>

The lease contract between the Company and its subsidiaries is to negotiate the rents with reference to the market conditions, and the rent collection is equivalent to that of non-related parties, and the rent income is calculated on a monthly basis.

(9) Others

Account Item	Category/Name of Related Parties	2020	2019
Interest Income	Subsidiary		
	Tung Sheng Development	\$ 1,232	\$ 1,387
	Others	-	178
		<u>\$ 1,232</u>	<u>\$ 1,565</u>

(10) Reward for Key Management

The total remuneration for directors and other key management in 2020 and 2019 is as follows :

	2020	2019
Short-term Employee Benefits	<u>\$ 6,667</u>	<u>\$ 5,024</u>

The remuneration of directors and other key management is determined by the remuneration committee in accordance with individual performance and market trends.

27. Pledged Assets

The following assets (accounting for property, plant and equipment, and investment property) have been provided as collateral for bank's borrowings :

	December 31, 2020	December 31, 2019
Land	\$164,901	\$164,901
Building	<u>129,731</u>	<u>135,632</u>
	<u>\$294,632</u>	<u>\$300,533</u>

28. Significant Contingent Liabilities and Unrecognized Commitments

The Company entrusted Pegatron Corporation (referred to as "Pegatron Company") to produce multimedia audio-visual equipment. However, Pegatron Company requested the Company to pay the amount stated on the notice minus the amount of materials sold by Pegatron Company with the "Consignment Production Preparation Material Notice" that was not signed by both parties. As the two parties had disputes over the validity of the dispute preparation material notice, Pegatron Company requested the New Taipei District Court for EVERSPRING INDUSTRY CO., LTD to pay US\$164,793.67. This case is currently being heard by the New Taipei District Court in the second instance and has not yet been concluded, so the final possible loss amount is still difficult to estimate.

29. Significant Post-period Items

Based on the comprehensive effect of the group operations and the strategic considerations of the operations in China, the board of directors of the Company passed the resolution on December 26, 2018 to sell 100% equity of Dongguan Li Yuan Electronics Co., Ltd. held by Everspring Industry (S) Pte Ltd. to a non-related party, Dongguan Huatang Yue Shan Investment Co., Ltd. and the board of directors of the Company passed the resolution on January 11, 2021 to confirm the transaction amount of RMB 294,000 thousand. The Company has completed the registration of the change of the business license on January 28, 2021, and will collect the price amounts in February 2021, and the two parties have agreed to hand over on February 28, 2021.

30. Other Items

- (1) The Company evaluated that the global pandemic of COVID-19 did not have a significant impact on the Company's ability to continue operations, asset impairment, and financing risks, etc.
- (2) On November 11, 2020, the board of directors of EVERSPRING INDUSTRY CO., LTD. passed the resolution to merge AUSPISTEK Corporation to improve the Company's operating efficiency and the integration of the group's brand, and in the same resolution of the board of directors that the base date of the merger was December 1, 2020. Due to AUSPISTEK Corporation is a 100%-owned subsidiary of Everspring Company, in accordance with the regulations of the Questions and Answers "Doubts about Handling Business Mergers under Joint Control of IFRS3" issued by the Accounting Research and Development Foundation, since IFRS3 "Business Mergers" does not have express provisions for business mergers under joint control, the relevant interpretation letters issued by our country should still apply.

The essence of Everspring Company's merging of AUSPISTEK Corporation is the organizational reorganization. According to the relevant interpretation letter issued by the Accounting Research and Development Foundation, when EVERSPRING INDUSTRY CO., LTD. acquired the equity of AUSPISTEK Corporation for merger, it shall account for the book value of all assets and liabilities in AUSPISTEK Corporation and prepare the consolidated balance sheet accordingly. When preparing the comparative financial statements, it should be deemed to have been consolidated from the beginning and re-edited the comparative period financial statements.

The financial performance of AUSPISTEK Corporation from January 1 to December 31, 2019 has been included in the individual comprehensive income statement of EVERSPRING INDUSTRY CO., LTD. from January 1 to December 31, 2019, and it has been retrospectively reorganized into the Everspring Company's individual financial statements from January 1 to December 31, 2019.

Previous Impact of Assets, Liabilities and Equity items

	Amount Before Restatement	Retrospective Adjustment	Amount After Restatement
<u>December 31, 2019</u>			
Cash and Cash Equivalents	\$ 140,050	\$ 27,831	\$ 167,881
Financial Assets Measured at Fair Value Through Profit and Loss	27,446	34,489	61,935
Other Receivables	325	24	349
Other Current Assets	10,796	10,794	21,590
Investment Using the Equity Method	1,366,376	(70,712)	1,295,664
Refundable Deposits	76	169	245
Asset Impact	<u>\$1,545,069</u>	<u>\$ 2,595</u>	<u>\$1,547,664</u>

	Amount Before Restatement	Retrospective Adjustment	Amount After Restatement
<u>December 31, 2019</u>			
Other Payables	\$ 16,978	\$ 189	\$ 17,167
Current Income Tax Liabilities	-	2,406	2,406
Liabilities Impact	<u>\$ 16,978</u>	<u>\$ 2,595</u>	<u>\$ 19,573</u>

Previous Impact of Comprehensive Income and Loss Items

	Amount Before Restatement	Retrospective Adjustment	Amount After Restatement
<u>2019</u>			
Operating Revenues	\$ 162,642	\$ -	\$ 162,642
Operating Costs	(127,849)	-	(127,849)
Operating Expenses	(110,717)	(1,487)	(112,204)
Non-operating Income and Expenses	(105,737)	3,898	(101,839)
Income Tax Interest	995	(2,411)	(1,416)
Net Profit for the Year	<u>(\$ 180,666)</u>	<u>\$ -</u>	<u>(\$ 180,666)</u>

31. Information on the Significant Impact of Foreign Currency Assets and Liabilities

The following information is summarized and expressed in foreign currencies other than the Company's functional currencies. The disclosed exchange rates refer to the exchange rates of these foreign currencies into functional currencies. The foreign currency assets and liabilities with significant impact are as follows :

December 31, 2020

<u>Foreign</u>	<u>Exchange Rate</u>	<u>Carrying</u>
----------------	----------------------	-----------------

	Currency		Amount
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD	\$ 1,021	28.480 (USD : TWD)	\$ 29,078
CNY	883	4.377 (CNY : TWD)	3,865
SGD	234	21.560 (SGD : TWD)	5,045
EUR	65	35.020 (EUR : TWD)	2,276
<u>Non-monetary Items</u>			
USD	35	28.480 (USD : TWD)	991
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	42	28.480 (USD : TWD)	1,200
<u>December 31, 2019</u>			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD	\$ 2,615	29.980 (USD : TWD)	\$ 78,398
CNY	679	4.305 (CNY : TWD)	2,923
SGD	224	22.280 (SGD : TWD)	4,991
EUR	39	33.590 (EUR : TWD)	1,310
<u>Non-monetary Items</u>			
USD	54	29.980 (USD : TWD)	1,632
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	33	29.980 (USD : TWD)	989

The net foreign currency exchange profits and (losses) of the Company in 2020 and 2019 were NT\$(9,183) thousand and NT\$(1,540) thousand respectively. Due to the various types of functional currencies of the Company, therefore, it is impossible to disclose the exchange profits and losses according to the foreign currencies of each significant impact.

32. Supplementary Disclosures

1. Information on significant transactions, and 2. Information on investees:

- A. Lending funds to others: Please refer to table 1.
- B. Providing endorsements or guarantees for others: None.
- C. Holding of securities at the end of the period (excluding investment in subsidiaries' affiliates): Please refer to table 2.
- D. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- E. Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.

- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
 - H. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
 - I. Trading in derivative instruments: None.
 - J. Investee information: Please refer to table 3.
3. Information on investments in the Mainland Area:
- A. If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company in the Mainland Area, it shall disclose information on the investee company, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area: Please refer to table 4.
 - B. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Please refer to table 5.
 - a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c. The amount of property transactions and the amount of the resultant gains or losses.
 - e. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - f. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - g. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
4. Information on major shareholders: the names, numbers of shares held, and shareholding percentages of shareholders who hold 5% or more of the insurance enterprise's equity: Please refer to table 6.

Everspring Industry Co., Ltd. and Subsidiaries
Loans to Others
Year ended December 31, 2020

Table 1

Unit: NT\$ thousand

No. (Note 1)	Creditor	Borrower	General Ledger Account (Note 2)	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020 (Note 8)	Actual Amount Drawn Down	Interest Rate	Nature of Loan (Note 3)	Amount of Transactions with the Borrower (Note 8)	Reason for Short-term Financing (Note 5)	Loss Allowance	Collateral		Limit on Loans Granted to a Single Party (Note 6)	Ceiling on Total Loans Granted (Note 6)
												I t e m	V a l u e		
0	Everspring Industry Co., Ltd.	Tung Sheng Development Corporation	Other receivables-related parties	90,000	90,000	60,000	2.10%	2	-	Operating needs	-	Guarantee note	60,000	470,205	940,410
1	Uniinn Technology Co., Ltd.	Tung Sheng Development Corporation	Other receivables	8,000	8,000	8,000	1.75%	2	-	Operating need	-	Guarantee note	8,000	70,966	141,932
2	Everspring Lubricant Co., Ltd.	Ningbo Guanglian Electronics Co., Ltd.	Other receivables	438	438	438	-%	2	-	Operating need	-	—	—	1,720	3,441

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: In case of fund loan and nature, accounts receivable from related enterprises, accounts receivable from related parties, shareholder transactions, prepayments, interim payments, etc., shall be filled in the table.

Note 3: The companies with number '1' are related to business transaction; and the companies with number '2' are related to short-term financing.

Note 4: If the loan and nature of funds is "1", the amount of business transaction shall be filled in.

Note 5: If the loan and nature of the funds is 2, the reasons for the necessary funds and the use of the funds to be lent shall be specified, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 6:

(1) The total loans to others of the Company shall not exceed twenty percent of the net value, and the total amount shall not exceed forty percent of the Company's net value.

(2) The Company's business and individual loans shall not exceed the total business transactions between the two parties in the previous two years. Business transaction amount means the amount of purchase or sales between both parties, whichever is higher. In addition, the amount of goods sold includes the part of goods purchased on behalf of others.

Note 7: The company, directly and indirectly, holds one hundred percent of the voting shares of foreign companies, due to the need for short-term financing funds to engage in capital loans, the amount of which is not subject to the "loan and forty percent of net corporate value" limit, and its financing period does not apply to one year or one business cycle.

Note 8: Public Companies follow item 1 Article 14 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". Each financing provided need to be approved by board of directors and announce the amount, risk even the Financing Company doesn't borrow money to the counter party. It needs to announce the amount after repay. It needs to announce the highest lending limit for announcement application amount even the board of directors approved the loan can borrow several times during one year or roll over.

Everspring Industry Co., Ltd. and Subsidiaries
Holding of Securities at the End of the Period
Year ended December 31, 2020

Table 1

Unit: NT\$ thousand

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares (in thousands)	Book Value	Ownership (%)	Fair Value	
Everspring Industry Co., Ltd.	Stock Medigen Vaccine Biologics	—	Current financial assets at fair value through profit or loss	2,190	\$ 225,583	1.04	\$ 225,583	@103
	Stock Fubon Financial	—	Current financial assets at fair value through profit or loss	4	\$ 188	-	188	@46.75
	Bonds Lanka Graphite Limited	—	Amortized cost financial assets. AC financial assets	-	<u>\$ -</u> (Note)	-	-	-
	Fund ARCH VENTURE FUND	—	Non-Current financial assets at fair value through profit or loss	-	<u>\$ 991</u>	-	991	
	Stock Phase Electronics (Note 2)	—	"	102	-	-	-	
	Stock Top Taiwan Ii Venture Capital Co., Ltd.	—	Non-Current financial assets at fair value through profit or loss	278	\$ 373	3.48	373	
	Eleceram Technology Co., Ltd.	—	"	1,652	21,476	13.77	21,476	
	UWIN Technologies Co., Ltd.	—	"	700	-	5.44	-	
					<u>\$ 21,849</u>			

Note 1: It is the net amount of NT\$13,507 thousand net of accumulated impairment of NT\$13,507 thousand (financial assets measured at amortized cost – current).

Note 2: The shares are special shares in nature.

Note 3: The company has disclosed the relevant information of the reinvestment business in the consolidated financial statements. Please refer to the consolidated financial report of 2020 issued by the company for details.

Everspring Industry Co., Ltd. and Subsidiaries
Information on investees
Year ended December 31, 2020

Table 3

Unit: NT\$/Foreign currency in thousands

I n v e s t o r	I n v e s t e e	L o c a t i o n	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended at December 31, 2020	Investment income (loss) recognized by the Company for the year ended December 31, 2020	F o o t n o t e
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (in thousands)	Ownership (%)	Book value			
Everspring Industry Co., Ltd.	EVERSPRING INDUSTRY (S) PTE LTD.	10 Anson Road #13-12 International Plaza Singapore 0207	Investment holding	\$ 632,541	\$ 549,499	31,462	100.00	\$ 319,660	(\$ 33,972) Note 2	(\$ 33,972)	Subsidiaries
	EVERSPRING TECH USA, INC.	850 S. Rancho Drive #2321 Las Vegas, Nevada 89016, U.S.A.	Trading of various types of burglar alarm, light controller and burglar proof accessories etc.	129,225	129,225	260	94.55	4,545	1,014	959	"
	WorldTrend Co., Ltd.	2F., No. 50, Sec. 1, Zhonghua Rd., Tucheng Dist., New Taipei City, Taiwan (R.O.C.)	Trading of preservation equipment and design of preservation system	266,415	266,415	20,275	95.36	304,309	46,857	44,683	"
	UNIINN TECHNOLOGY CO., LTD..	13F., No. 198, Sec. 3, Civic Blvd., Da'an Dist., Taipei City, Taiwan (R.O.C.)	Investment in various production enterprises, securities investment companies, bank and insurance companies, etc.	488,851	488,851	44,847	100.00	353,009	56,692	56,692	"
	Tung Sheng Development Corporation	10F., No. 198, Sec. 3, Civic Blvd., Da'an Dist., Taipei City, Taiwan (R.O.C.)	Housing and buildings, industrial plants, particular professional areas, new towns, new community development, leasing, real estate development leasing, etc.	88,000	88,000	8,800	27.88	73,362	776	216	"
	Medigen Biotechnology Corporation	14F., F building, No. 3, Park St., Nangang Dist., Taipei City, Taiwan (R.O.C.)	Wholesale and retail of medical equipment of Chinese and Western medicine in biopharmaceutical research and development business	588,611	615,477	14,093	10.14	414,728	(337,923)	(34,806)	Investee company evaluated by the equity method
	PHASE ELECTRONICS	Willow Drive Sherwood Park Industrial Estate Annesley Nottingham NG15 0DP United Kingdom	Trading of various types of burglar alarm, light controller and burglar-proof accessories, etc.	127,323	127,323	2,396	100.00	-	(1,974)	(1,974)	Subsidiaries (Note 3)
								<u>\$ 1,469,613</u>		<u>\$ 31,798</u>	

Note 1: The Company has disclosed the relevant information of the reinvestment business in the consolidated financial statements. Please refer to the consolidated financial report of 2020 issued by the Company for details.

Note 2: The Company merged Zi-Xiang Co., Ltd. on 1 December 2020.

Note 3: The net equity value of part of the long-term investment evaluated by the equity method as of 31 December 2019 was NT\$728 thousand. Thus the book value was written down to zero, and the negative part of the net equity value was transferred to other liabilities.

Everspring Industry Co., Ltd. and Subsidiaries
Information on investments in Mainland China gains or losses
Year ended December 31, 2020

Table 4

Unit: NT\$/Foreign currency in thousands

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income (loss) of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
DONGGUAN LI YUAN ELECTRONICS CO., LTD.	Manufacture, processing, and trading of various types of burglar alarm	RMB 123,922	Note 1 (2)	USD 16,184 (NT\$ 515,438)	\$ -	\$ -	USD 16,184 (NT\$ 515,438)	(RMB\$ 5,001) (NT\$ 21,419)	100	(RMB\$ 5,001) (NT\$ 21,419)	RMB\$ 71,279 NT\$ 311,995	\$ -
NINGBO GUANGLIAN ELECTRONICS CO., LTD.	Manufacture, processing, and trading of various types of burglar alarm	RMB 3,022	Note 1 (2)	USD 400 (NT\$ 12,720)	-	-	USD 400 (NT\$ 12,720)	(RMB\$ 2,612) (NT\$ 11,372)	100	(RMB\$ 2,612) (NT\$ 11,372)	RMB\$ - NT\$ -	-
EVERSPRING LUBRICANT CO., LTD	Import and export business of sales of lubricating oil, self-operation and agency of various commodities and technologies	RMB 3,000	Note 1 (5)	-	-	-	-	(RMB\$ 806) (NT\$ 4,075)	100	(RMB\$ 806) (NT\$ 4,075)	RMB\$ 2,065 NT\$ 9,039	-
Dongguan Found Chain IOT CO., LTD	Research and development, production and sales of intelligent security monitoring equipment	RMB 15,788	Note 1 (6)	-	USD 2,129 (NT\$ 60,647)	-	USD 2,129 (NT\$ 60,647)	(RMB\$ 1,247) (NT\$ 5,429)	100	(RMB\$ 1,247) (NT\$ 5,429)	RMB\$ 13,250 NT\$ 53,900	-

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
USD 18,713 (NT\$ 588,805)	USD 18,713 (NT\$ 588,805)	NT\$ 1,410,616

Note 1: Investment methods are classified into the following three categories:

- (1) Invest in mainland companies through third-area remittance.
- (2) Reinvest in mainland companies through third region investment to establish companies.
- (3) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (4) Others.

(5) It is the 100% equity interest of NINGBO GUANGLIAN ELECTRONICS CO., LTD. held by Dongguan Found Chain IOT CO., LTD on 30 December 2020. Dongguan Found Chain IOT CO., LTD has the 100% equity interest of EVERSPRING LUBRICANT CO., LTD on 100%, which is the internal organization adjustment of the group.

(6) It is the 100% equity interest of NINGBO GUANGLIAN ELECTRONICS CO., LTD. held by EVERSPRING INDUSTRY (S) PTE LTD. on 26 August 2020. Dongguan Found Chain IOT CO., LTD has the 100% equity interest of NINGBO GUANGLIAN ELECTRONICS CO., LTD. on 100%, which is the internal organization adjustment of the group.

Note 2: In the column of investment profit and loss recognized in the current period:

- (1) If there is no investment profit or loss in preparation, it shall be stated.
- (2) The recognition basis of investment profit and loss is divided into the following three types, which shall be noted:
 - A. Financial statements audited and certified by an international accounting firm in partnership with the ROC accounting firm
 - B. Financial statements audited and certified by the Taiwan parent company licensed public accountant
 - C. Others.

Note 3: Sixty percent of net worth or consolidated net worth, whichever is higher.

Everspring Industry Co., Ltd. and Subsidiaries

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD (Except as otherwise indicated)

1. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses.

Company	Investee in Mainland China	Transaction type	Import and sale of goods		Unit price	Terms of transaction		Notes and accounts receivable (payable)		Unrealized gains and losses	Footnotes
			Amount	%		Payment terms	Comparison with general transactions	Amount	%		
Everspring Industry Co., Ltd.	Dongguan Found Chain IOT CO., LTD	Purchases	\$ 11,772	10	Measured at the cost of related parties	Credit and debt offsetting method: if the company has material preparation funds, it needs to receive them in advance.	Credit and debt offsetting method	Accounts payable \$ 8,145	36	\$ -	—
Everspring Industry Co., Ltd.	DONGGUAN LI YUAN ELECTRONICS CO., LTD.	Purchases	73,273	65	"	"	"	-	-	-	—
Everspring Industry Co., Ltd.	NINGBO GUANGLIAN ELECTRONICS CO., LTD..	Purchases	2,911	3	"	"	"	1,466	7	-	—

2. The amount of property transactions and the amount of the resultant gains or losses: None.
3. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
4. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
5. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

Everspring Industry Co., Ltd. and Subsidiaries
Major shareholders information
Year ended December 31, 2020

Table 6

Name of major shareholders	S h a r e s	
	Name of shares held	Ownership (%)
Chang Tse Ling	32,450,492	15.16
Huang Tzu Liang	16,464,637	7.69
Kao Yun Hwa	13,442,914	6.28

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Everspring Industry Co., Ltd. and Subsidiaries
The Contents of Statements of Major Accounting Items

<u>Item</u>	<u>Statements Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	Statement 1
Statement of accounts receivable	Statement 2
Statement of inventories	Statement 3
Statement of changes in investments accounted for using equity method	Statement 4
Statement of changes in property, plant and equipment	Note 13
Major Accounting Items in Profit or Loss	
Statement of operating costs	Statement 5
Statement of production overheads	Statement 6
Statement of operating expenses	Statement 7
Statement of labor, depreciation and amortization by function	Statement 8

Everspring Industry Co., Ltd. and Subsidiaries
Statement of cash and cash equivalents
December 31, 2020

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

Statement 1

Item	Description	Amount
Petty cash and cash on hand		<u>\$ 406</u>
Checking deposits		<u>21</u>
Demand deposits		
— NTD		131,587
— USD	(USD 284 thousand, @28.480)	8,101
— HKD	(HKD 596, @3.673)	2
— GBP	(GBP 502, @38.90)	20
— EUR	(EUR 63 thousand, @35.02)	2,191
— CNY	(CNY 797 thousand, @4.377)	3,489
— AUD	(AUD 57, @21.95)	<u>1</u>
		145,391
Repurchase bond		<u>45,082</u>
		<u><u>\$190,900</u></u>

Everspring Industry Co., Ltd. and Subsidiaries
Statement of accounts receivable
December 31, 2020

(All Amounts Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
Statement 2

Item	Amount
TIMEGUARD LTD.	\$ 7,397
PERRY ELECTRIC SRL	4,754
Intergamma B.V.	1,883
Askey Computer Corp.	869
Others (Note)	<u>2,192</u>
	17,095
Less: Allowance for doubtful accounts	(<u>143</u>)
	<u>\$ 16,952</u>

Note: The balance amount of each customers all are less than 5% of the account amount.

Everspring Industry Co., Ltd. and Subsidiaries
Statement of inventories
December 31, 2020

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

Statement 3

Item	Description	Amount (Note)	
		Cost	Net Realizable Value
Raw materials and supplies		\$ 2,057	\$ 2,057
Finished goods		4,029	4,029
Work in process		<u>10,378</u>	<u>10,378</u>
		<u>\$ 16,464</u>	<u>\$ 16,464</u>

Note: When comparing cost with net realizable value, the classification comparison method is adopted. Net realizable value means the balance of the estimated interest price under normal circumstances after deducting the costs and selling expenses that need to be invested to the completion.

Everspring Industry Co., Ltd. and Subsidiaries
Statement of changes in investments accounted for using equity method
December 31, 2020

(All Amounts Expressed in Thousands of New Taiwan Dollars/Shares, Unless Specified Otherwise)

Statement 4

Name	Balance, January 1, 2020		Additions		Decrease		Collateral using equity method	Balance, December 31, 2020			Market Value or Net Assets Value		
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	%	Amount	Unit Price	Total	Amount
EVERSPRING INDUSTRY (S) PTE LTD. (Note 1)	27,556	\$ 290,488	3,906	\$ 83,042	-	\$ -	(\$ 53,870)	31,462	100.00	\$ 319,660	-	\$ -	None
EVERSPRING TECH USA, INC. (Note 2)	260	3,815	-	-	-	-	730	260	94.55	4,545	-	-	"
WorldTrend Co., Ltd. (Note 3)	20,275	257,101	-	-	-	(10,451)	57,659	20,275	95.36	304,309	-	-	"
UNIINN TECHNOLOGY CO., LTD.. (Note 4)	44,847	290,652	-	-	-	-	62,357	44,847	100.00	353,009	-	-	"
Tung Sheng Development Corporation (Note 5)	8,800	73,146	-	-	-	-	216	8,800	27.88	73,362	-	-	"
Medigen Biotechnology Corporation (Note 6)	14,945	379,164	-	-	(852)	(9,719)	45,283	14,093	10.14	414,728	59.2	-	"
PHASE ELECTRONICS (UK) LTD. (Note 7)	2,396	<u>1,298</u>	-	<u>-</u>	-	<u>-</u>	<u>(1,298)</u>	2,396	100.00	<u>-</u>	-	-	"
		<u>\$ 1,295,664</u>		<u>\$ 83,042</u>		<u>(\$ 20,170)</u>	<u>\$ 111,077</u>			<u>\$ 1,469,613</u>			

Note 1: It includes an investment loss of NT\$33,972 thousand recognized following the equity method, a decrease of NT\$12,245 thousand in the foreign currency translation adjustment, and a decrease of NT\$7,653 thousand in the unrealized benefits and an increase of NT\$8,342 thousand in the investment adjusted by the downstream transaction in the current period.

Note 2: Including NT\$959 thousand of investment interests recognized by the equity method and NT\$229 thousand decreases in foreign currency translation adjustment in the current period.

Note 3: It includes the recognition of investment benefits under the equity method of NT\$44,683 thousand, the decrease of foreign currency translation adjustment of NT\$37 thousand, the increase of unrealized profit and loss of financial assets of NT\$444 thousand, the increase of capital reserve – the long-term investment of NT\$12,815 thousand, the receipt of dividends of NT\$10,451 thousand and the decrease of actuarial profit and loss of defined benefits of NT\$246 thousand.

Note 4: It includes the recognition of investment benefits under the equity method of NT\$56,692 thousand, the decrease of foreign currency translation adjustment of NT\$4,144 thousand, the increase of unrealized profit and loss of financial assets of NT\$496 thousand, the increase of capital reserve – the long-term investment of NT\$1,037 thousand, the receipt of dividends of NT\$10,451 thousand and the decrease of actuarial profit and loss of defined benefits of NT\$12 thousand.

Note 5: Including NT\$216 thousand of investment interests recognized following the equity method in the current period.

Note 6: It includes an investment loss of NT\$34,806 thousand recognized under the equity method, a decrease in foreign currency translation adjustments of NT\$183 thousand, an increase in unrealized gains and losses of financial assets of NT\$5,456 thousand, an increase in capital reserve – the long-term investment of NT\$55,312 thousand and a decrease in actuarial gains and losses for determining benefits of NT\$5,000 in the current period, and a reduction in the investment of NT\$9,719 thousand from the sale of shares of Medigen Biotechnology Corporation and the transfer of shareholders' equity items to disposal of investment interests of NT\$19,509 thousand.

Note 7: It includes the investment loss of NT\$1,974 thousand recognized following the equity method, the decrease of foreign currency translation adjustment of NT\$52 thousand, and the adjustment to other liabilities of NT\$728 thousand in the current period.

Everspring Industry Co., Ltd. and Subsidiaries
Statement of operating costs
December 31, 2020

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

Statement 5

Item	Amount
Cost of goods sold	
Direct raw material	
Add: raw materials, beginning of year	\$ 4,561
Less: segment consumption	(1,554)
raw materials, end of year	(2,057)
raw materials sold	(<u>950</u>)
Raw materials consumed	-
Manufacturing overheads	<u>5,428</u>
Manufacturing costs	5,428
Add: supplies purchased	<u>-</u>
Cost of finished goods	5,428
Add: cost of raw materials sold	<u>950</u>
Cost of products sold	<u>6,378</u>
Cost of goods sold for purchased goods	
Add: goods, beginning of year	3,302
current purchase	105,677
Less: goods, end of year	(4,029)
other consumption of goods	<u>1,218</u>
Cost of goods sold for purchased goods	<u>106,168</u>
Other operating costs	<u>1,345</u>
Total cost of goods sold	<u><u>\$113,891</u></u>

Everspring Industry Co., Ltd. and Subsidiaries
Statement of production overheads
December 31, 2020
(All Amounts Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 6

Item	Amount
Salary and Wages	\$ 4,438
Insurance of labors	437
Others (note)	<u>553</u>
	<u>\$ 5,428</u>

Note: Amount of each item is less than 5% of the account amount.

Everspring Industry Co., Ltd. and Subsidiaries
Statement of Operating expenses
December 31, 2020

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

Statement 7

Item	Description	Amount
Selling expenses		
Salary and Wages		\$ 8,554
Insurance		1,214
Others (note)		<u>1,449</u>
		<u>11,217</u>
General and administrative expenses		
Salary and Wages		16,212
Insurance		1,736
Depreciation		5,584
Professional service fees		3,281
Others (note)		<u>9,251</u>
		<u>36,064</u>
Research and development expenses		
Salary and Wages		30,112
Insurance		2,767
Others (note)		<u>7,890</u>
		<u>40,769</u>
Expected credit loss		<u>58</u>
Total		<u>\$ 88,108</u>

Note: Amount of each item is less than 5% of the account amount.

Everspring Industry Co., Ltd. and Subsidiaries
Statement of Operating expenses
December 31, 2020 and 2019

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

Statement 8

Nature	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Salary and Wages	\$ 4,438	\$ 53,240	\$ 57,678	\$ 3,773	\$ 58,526	\$ 62,299
Labor and health insurance fees	437	5,013	5,450	334	5,769	6,103
Pension expense	202	2,937	3,139	126	3,377	3,503
Directors' remuneration	-	1,634	1,634	-	1,369	1,369
Others employee benefit expense	177	2,040	2,217	131	2,398	2,529
Depreciation	-	5,845	5,845	605	7,761	8,366
Amortization	-	1,191	1,191	-	1,373	1,373
	<u>\$ 5,254</u>	<u>\$ 71,900</u>	<u>\$ 77,154</u>	<u>\$ 4,969</u>	<u>\$ 80,573</u>	<u>\$ 85,542</u>

Note:

1. As of December 31, 2020 and 2019, the Company had 73 and 80 employees, respectively, including 7 non-employee directors for both years.
2. A company whose stock is listed for over-the-counter securities exchange shall additionally disclose the following information:
 - (1) Average employee benefit expense in 2020 was \$1,038 thousand and in 2019 was \$1,020 thousand.
 - (2) Average employee salaries in 2020 were \$874 thousand and in 2019 were \$853 thousand.
 - (3) Adjustments of average employee salaries were 2%.
3. The Company has set up an audit committee to replace the supervisor, so there is no supervisor remuneration.
4. The remuneration policies of the directors, managers, and employees of the company are as follows:
 - (1) Directors
 - I. Directors' emoluments
Based on the degree of participation and contribution value to the company's operation, the expenses shall be determined by the board of directors according to the average level of the industry.
 - II. Directors' remuneration
When the company is profitable, it shall be paid according to the provision ratio of the Articles of Association (not more than 3%).
 - III. Attendance fee of directors
It shall be paid according to the number of times that he attends the functional committees such as the board of directors, the Remuneration Committee, and the audit committee in person.
 - (2) Managers
The remuneration to be paid to the company manager shall be determined by the Remuneration Committee based on his position, contribution, and the company's operating performance for the year and submitted to the board for resolution.
 - (3) Employees
To maintain the competitiveness of the overall remuneration, the Company conducts annual salary surveys to measure the salary level of the market and considers the Company's operating performance and future development to formulate a reward plan. The Company implements the performance-oriented policy and provides differentiated rewards based on individual performance to reward the contribution of colleagues.

Note: "Directors' emoluments" means the emoluments, retirement pensions, directors' emoluments, and business execution fees received by all directors, excluding salaries, health insurance, pension, and other welfare expenses received for concurrent employment.