Stock Code: 2495

Infortrend Technology Inc.

Parent Company Only Financial Statements and Independent Auditors' Report 2020 and 2019

Company address: 8F., No. 102, Sec. 3, Zhongshan Rd., Zhonghe Dist., New Taipei City 235010, Taiwan (R.O.C.)
Telephone No.: (02) 22260126

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

CONTENTS

Independent Auditors' Report

To the Board of Directors of Infortrend Technology Inc.,

Auditor's Opinion

The Balance Sheet as of December 31, 2020 and 2019, and the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flow for the period from January 1 to December 31, 2020 and 2019, as well as the Notes to Parent Company Only Financial Statements (including the Summary of Significant Accounting Policies) of Infortrend Technology Inc., have been audited and attested by us.

In our opinion, the aforementioned Parent Company Only Financial Statements are prepared in all material respects in accordance with the "Regulations Governing the Preparation of Financial statements by Securities Issuers," which properly present the financial position of Infortrend Technology Inc. as of December 31, 2020 and 2019, and the financial performance and cash flows for the period from January 1 to December 31, 2020 and 2019.

Basis of Auditor's Opinion

We performed the audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "CPA's responsibility for the audit on the Parent Company Only Financial Statements." We, subject to the codes of independence of the accounting firm which we are affiliated with, have kept absolute independent relationship with Infortrend Technology Inc. in accordance with the CPA Code of Professional Ethics, and have performed other obligations under this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to those matters that, in our professional judgment, are of most significance for our audit on the Parent Company Only Financial Statements for 2020 of Infortrend Technology Inc. These matters have been addressed in the course of our audit of the Parent Company Only Financial Statements as a whole and in forming our opinion thereon. We do not express a separate opinion on such matters individually. In our judgment, the key audit matters to be communicated in the audit report are as follows:

1. Valuation of the allowance for inventory loss from market price decline

   Please refer to Note 4 (7) to the Parent Company Only Financial Statements for the accounting policy regarding the inventory evaluation. Please refer to Note 5 (2) to the Parent Company Only Financial Statements for the uncertainties of accounting estimates and assumptions regarding the realizability of inventory assessment. Please refer to Note 6 (5) to the financial statement for an explanation of the inventory assessment.

Description of key audit matters:

Infortrend Technology Inc. offers a wide range of products for sale to its customers. Its inventory is measured by cost and the net realized value, whichever is lower. In order to improve the service quality, the Company has spared no effort to improve the product efficiency. The introduction of new products may lead to a drop in the price of old products, resulting in the uncertainty of inventory loss from market price decline and of obsolete and slow-moving inventories.

How the matter was addressed in our audit:

Our main audit procedures regarding the aforementioned key audit matters included the following:

Understand the Company's provision policy for allowance for inventory loss from market price decline and for loss on obsolete and slow-moving inventories and evaluate the appropriateness of the policy; Obtain the evaluation form prepared by the Company to evaluate the performance of the Company, check and verify the data used, and evaluate the correctness of the source data used; Recalculate and evaluate the correctness of the calculation according to the evaluation data used by the Company; Obtain the disclosure information of the Company's financial statements on allowance for inventory, and assess whether the disclosure is appropriate.

2. Evaluation of impairment of trade receivables

Please refer to Note 4 (6) to the Parent Company Only Financial Statements for the accounting policy regarding the asset impairment evaluation. Please refer to Note 5 (1) to the Parent Company Only Financial Statements for the accounting estimates and assumptions regarding the evaluation of trade receivables. Please refer to Note 6 (3) to the financial statement for an explanation of the evaluation of trade receivables.

Description of key audit matters:

As the overall industry is still in the downturn, some customers are affected by the economic climate, and their repayment is not as fast as expected. The provision of allowance for bad debts of trade receivables depends on the Company's policy and the evaluation of the management, which indirectly increases the uncertainty of the evaluation of trade receivables since the evaluation involves human subjective judgment.

How the matter was addressed in our audit:

Our main audit procedures regarding the aforementioned key audit matters included the following:

Understand the Company's evaluation policy for allowance for trade receivables and evaluate the appropriateness of the policy; Obtain the evaluation form prepared by the Company to evaluate the performance of the Company, check and verify the data used, and evaluate the correctness of the source data used; Recalculate and evaluate the correctness of the calculation according to the evaluation data used by the Company; Obtain the disclosure information of the Company's financial statements on allowances for trade receivables and impairment losses, and assess whether the disclosure is appropriate.

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

It is the responsibility of management to prepare and fairly present the Parent Company Only Financial Statements in accordance with the "Regulations Governing the Preparation of Financial statements by Securities Issuers," and to maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements to ensure that there are no material misrepresentations that are attributed to fraud or error therein.

In the preparation of the Parent Company Only Financial Statements, it is also the responsibility of management to assess the ability of Infortrend Technology Inc. to continue as a going concern, to disclose relevant matters, and to adopt the accounting basis for going concern, unless the management intends to liquidate Infortrend Technology Inc., Ltd. or discontinue operations, or has to do so without any other practical alternatives.

The governing body of Infortrend Technology Inc. (including the audit committee) has the responsibility to supervise the reporting process of financial statement.

CPA's responsibility for the audit on the Parent Company Only Financial Statements

Our audit on the Parent Company Only Financial Statements aims to obtain reasonable assurance on whether the Parent Company Only Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an audit report. Reasonable assurance refers to high level of assurance. However, our audit conducted in accordance with Generally Accepted Auditing Standards does not guarantee that material misrepresentations in the Parent Company Only Financial Statements will be detected. Misrepresentations may be attributable to fraud or error. A misrepresentation of an individual amount or amount in aggregate is considered as materiality if it is reasonably expected to affect the economic decisions made by users on the basis of the Parent Company Only Financial Statements.

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

1. Identified and assessed the risk of a material misrepresentation attributable to fraud or errors in the Parent Company Only Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, intentional omission, misrepresentation, or override of internal control, the risk of a material misrepresentation that is not attributable to fraud is higher than that which is attributable to error.
2. Obtained necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate for the circumstances. Nevertheless, the purpose of such understanding is not to express an opinion on the effectiveness of the internal controls of Infortrend Technology Inc.
3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence available, on the appropriateness of management's adoption of the accounting basis for going concern and whether material uncertainties exist where events or circumstances that may cause material doubt on the ability of Infortrend Technology Inc. to continue as a going concern. If, in our opinion, there is material uncertainty about such events or circumstances, we are required to remind the user of the Parent Company Only Financial Statements of the relevant disclosure therein, or amend our audit opinion if such disclosure is inappropriate. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or circumstances may result in that Infortrend Technology Inc. may cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the Parent Company Only Financial Statements (including relevant notes), and whether the Parent Company Only Financial Statements present the relevant transactions and events fairly.
6. Obtained sufficient and appropriate audit evidence of the financial information of the investee using the equity method to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the audit and the formation of our audit opinion on Infortrend Technology Inc.

We communicated matters with the governing body, including the planned scope and timing of the audit, as well as the material audit findings (including material deficiencies in internal control identified during our audit).

We also provided the governing body the declaration of independence of the CPA subject to the codes of independence of the accounting firm which the CPA is affiliated with, that we have complied with the CPA Code of Professional Ethics concerning independence, and communicated with the governing body all the relationships and other matters that may be considered to affect our independence (including relevant preventive measures).

From the matters communicated with the governing body, we determined the key audit matters for the Parent Company Only Financial Statements in 2020 of Infortrend Technology Inc. We have stated such matters in the audit report. Unless public disclosure of a particular matter is prohibited by law or, in very rare circumstances, we determined not to communicate such matter in the audit report where it can reasonably be expected that the negative impact of such communication will outweigh the public benefits.

KPMG Taiwan
Taipei 101 Tower, 68F, No.7, Sec. 5, Xinyi Road,
Taipei City 110615, Taiwan (R.O.C.)

CPA:		Rou-Lan Kuo (郭柔蘭)
		Shu-Ling Lien (連淑凌)
Securities Competent Authority Approval No.	:	Financial-Supervisory-Securities-Auditing-1070304941 Financial-Supervisory-Securities-Six-0940100754
March 11, 2021		

Infortrend Technology Inc.

Balance Sheet
December 31, 2020 and 2019
Unit: NT$ Thousands

	Assets	2020.12.31 Amount	%	2019.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 4 and 6 (1))	$ 207,967	4	150,888	3
1110	Financial assets measured at fair value through profit or loss - current (Note 4 and 6 (2))	3,494,414	69	3,503,184	67
1170	Net trade receivables (Note 4 and 6 (3))	108,333	2	154,812	3
1180	Net trade receivables - related parties (Note 4, 6 (3) and 7)	104,108	2	190,863	4
1200	Other receivables (Note 6 (4) and 7)	101,500	2	81,500	1
1220	Current tax assets	27,815	1	27,768	1
130X	Inventory (Note 4 and 6 (5))	307,143	6	308,099	6
1470	Other current assets	7,159	-	10,105	-
		4,358,439	86	4,427,219	85
	Non-current assets:				
1510	Financial assets measured at fair value through profit or loss - non-current (Note 4 and 6 (2))	27,547	-	73,696	1
1550	Investments accounted for using equity method (Note 4 and 6 (6))	50,075	1	53,675	1
1600	Property, plant, and equipment (Note 4 and 6 (7))	591,332	12	606,417	12
1755	Right-of-use assets (Note 4 and 6 (8))	12,876	-	19,166	-
1780	Intangible assets (Note 4 and 6 (9))	721	-	1,508	-
1840	Deferred tax assets (Note 4 and 6 (14)	37,047	1	34,535	1
1980	Other financial assets - non-current (Note 8)	3,596	-	4,096	-
1990	Other non-current assets - others	-	-	452	-
	Total non-current assets	723,194	14	793,545	15
	Total assets	**$ 5,081,633**	**100**	**5,220,764**	**100**

	Liabilities and equity	2020.12.31 Amount	%	2019.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 4 and 6 (10))	$ 850,000	17	655,000	13
2120	Financial liabilities at fair value through profit or loss - current (Note 4 and 6 (2))	-	-	338	-
2130	Contract liabilities - current (Note 4, 6 (18) and 7)	8,795	-	9,315	-
2170	Trade payables	48,359	1	71,052	1
2200	Other payables	130,017	3	148,413	3
2230	Current tax liabilities	481	-	3,430	-
2280	Lease liabilities - current (Note 4 and 6 (11))	6,085	-	6,231	-
2300	Other current liabilities	866	-	898	-
		1,044,603	21	894,677	17
	Non-current liabilities:				
2527	Contract liabilities - non-current (Note 4, 6 (18) and 7)	23,306	-	22,261	-
2550	Provisions - non-current (Note 4 and 6 (12))	2,657	-	2,657	-
2570	Deferred tax liabilities (Note 4 and 6 (14)	16	-	582	-
2580	Lease liabilities - non-current (Note 4 and 6 (11))	6,922	-	13,007	-
2640	Net defined benefit liabilities - non-current (Note 4 and 6 (13))	29,940	1	23,258	1
2650	Investment credit balance accounted for using equity method (Note 4 and 6 (6))	9,835	-	29,538	1
2670	Other non-current liabilities - others	7	-	10	-
		72,683	1	91,313	2
	Total liabilities	1,117,286	22	985,990	19
	Equity:				
3100	Share capital (Note 6 (15))	2,735,515	54	2,762,907	53
3200	Capital surplus (Note 6 (15)):	88,802	2	89,704	2
	Retained earnings:				
3310	Legal reserve (Note 6 (15))	1,172,751	23	1,152,494	22
3350	Unappropriated earnings (Note 6 (15))	(38,069)	(1)	222,680	4
3400	Other equity (Note 6 (15))	5,348	-	6,989	-
	Total equity	3,964,347	78	4,234,774	81
	Total liabilities and equity	**$ 5,081,633**	**100**	**5,220,764**	**100**

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairman: Shih-Tung Lo   Manager: Shih-Tung Lo   Accounting Supervisor: Shu-Hua Liu

Infortrend Technology Inc.

Statement of Comprehensive Income
From January 1 to December 31, 2020 and 2019
Unit: NT$ Thousands

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 6 (18) and 7)	$ 966,383	100	1,177,540	100
5000	Operating costs (Note 4 and 6 (5))	583,240	60	650,270	55
	Gross operating profit	383,143	40	527,270	45
5910	Less: unrealized profit and loss on sales (Note 7)	13,893	1	27,166	2
5920	Add: realized profit and loss on sales (Note 7)	27,166	2	29,542	2
		396,416	41	529,646	45
	Operating expenses (Note 6 (19) and 7):				
6100	Selling and marketing expenses	48,182	5	53,122	5
6200	Administrative expenses	80,169	9	85,028	7
6300	Research and development expenses	299,039	31	370,889	31
6450	Expected credit impairment loss (Note 4 and 6 (3))	1,800	-	1,082	-
		429,190	45	510,121	43
	Net operating (loss) profit	(32,774)	(4)	19,525	2
	Non-operating income and expenses (Note 6 (20) and 7):				
7100	Interest income	43,496	5	67,444	6
7010	Other income	80,595	8	70,353	6
7020	Other gains and losses	(153,631)	(16)	87,004	7
7050	Financial costs	(7,627)	(1)	(7,092)	(1)
7070	Share of the profit or loss of associates and joint ventures accounted for using the equity method	7,032	1	(4,116)	-
		(30,135)	(3)	213,593	18
7900	**Net profit (loss) before tax**	(62,909)	(7)	233,118	20
7950	Less: income tax expense (Note 4 and 6 (14))	2,510	-	30,545	3
8200	**Net profit (loss) in the current period**	(65,419)	(7)	202,573	17
	Other comprehensive income:				
8310	Items that are not reclassified into profit or loss				
8311	Remeasurement of defined benefit plans	(6,698)	(1)	(4,364)	-
8349	Less: income tax relating to items that will not be reclassified subsequently to profit or loss	1,340	-	873	-
		(5,358)	(1)	(3,491)	-
8360	**Items that may be subsequently reclassified into profit or loss**				
8361	Exchange differences resulting from translating the financial statements of foreign operations	(2,373)	-	(1,027)	-
8370	Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method - items that may be reclassified into profit or loss-	135	-	1,883	-
8399	Less: income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
		(2,238)	-	856	-
	Other comprehensive income in current period (net after tax)	(7,596)	(1)	(2,635)	-
8500	**Total comprehensive income for the current period**	**$ (73,015)**	**(8)**	**199,938**	**17**
	Earnings per share (NT$) (Note 4 and 6 (17))				
9750	**Basic earnings per share (unit: NT$)**	**$**	**(0.24)**		**0.73**
9850	**Diluted earnings per share (unit: NT$)**				0.72

(Please refer to the attached Notes to the Consolidated Financial Statements for details)

Chairman: Shih-Tung Lo   Manager: Shih-Tung Lo   Accounting Supervisor: Shu-Hua Liu

Infortrend Technology Inc.

Statement of Changes in Equity
From January 1 to December 31, 2020 and 2019
Unit: NT$ Thousands

	Share capital		Retained earnings		Other equity items			
	Share capital of ordinary shares	Capital surplus	Legal reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unpaid employee remuneration	Treasury shares	Total equity
Balance as of January 1, 2019	$ 2,796,463	91,785	1,140,553	150,058	6,730	(8,792)	(29,981)	4,146,816
Net profit in the current period	-	-	-	202,573	-	-	-	202,573
Other comprehensive income for the current period	-	-	-	(3,491)	856	-	-	(2,635)
Total comprehensive income for the current period	-	-	-	199,082	856	-	-	199,938
Appropriation and distribution of earnings:								
Provision for legal reserve	-	-	11,941	(11,941)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(110,473)	-	-	-	(110,473)
Repurchase of treasury shares	-	-	-	-	-	-	(5,347)	(5,347)
Cancellation of treasury shares	(30,320)	(962)	-	(4,046)	-	-	35,328	-
Share-based payment transaction	(3,236)	(1,119)	-	-	-	8,195	-	3,840
Balance as of December 31, 2019	2,762,907	89,704	1,152,494	222,680	7,586	(597)	-	4,234,774
Net loss in current period	-	-	-	(65,419)	-	-	-	(65,419)
Other comprehensive income for the current period	-	-	-	(5,358)	(2,238)	-	-	(7,596)
Total comprehensive income for the current period	-	-	-	(70,777)	(2,238)	-	-	(73,015)
Appropriation and distribution of earnings:								
Provision for legal reserve	-	-	20,257	(20,257)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(165,773)	-	-	-	(165,773)
Repurchase of treasury shares	-	-	-	-	-	-	(32,183)	(32,183)
Cancellation of treasury shares	(27,360)	(881)	-	(3,942)	-	-	32,183	-
Share-based payment transaction	(32)	(21)	-	-	-	597	-	544
Balance as of December 31, 2020	$ 2,735,515	88,802	1,172,751	(38,069)	5,348	-	-	3,964,347

(Please refer to the attached Notes to the Parent Company Only Financial Statements for details)

Chairman: Shih-Tung Lo Manager: Shih-Tung Lo Accounting Supervisor: Shu-Hua Liu

Infortrend Technology Inc.

Statement of Cash Flow
From January 1 to December 31, 2020 and 2019
Unit: NT$ Thousands

	2020	2019
Cash flow from operating activities:		
Net profit (net loss) before tax for the current period	$ (62,909)	233,118
Reconciliation items:		
Income and expenses items		
Depreciation expenses	25,668	26,718
Amortization expenses	787	1,334
Interest expenses	7,627	7,092
Interest income	(43,496)	(67,444)
Dividend income	(64,030)	(51,679)
Remuneration costs of share-based payment	544	3,840
Valuation profit (loss) on financial assets measured at fair value through profit or loss	134,054	(90,432)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using the equity method	(7,032)	4,116
Disposal and retirement of property, plant and equipment loss	-	122
Expected credit impairment losses	1,800	1,082
Others	(13,273)	(2,400)
Total income and expense items	42,649	(167,651)
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities		
Trade receivables	131,434	95,429
Other receivables	1,624	1,702
Inventories	956	42,763
Other current assets	2,946	1,613
Total net changes in assets related to operating activities	136,960	141,507
Net change in liabilities related to operating activities:		
Contract liabilities	525	(1,310)
Trade payables	(22,693)	(14,984)
Other payables	(16,105)	9,852
Other current liabilities	(32)	36
Net defined benefit liabilities	(16)	-
Other non-current liabilities - others	(3)	-
Total net changes in liabilities related to operating activities	(38,324)	(6,406)
Total net changes in assets and liabilities related to operating activities	98,636	135,101
Total adjustments	141,285	(32,550)
Cash inflow generated from operations	78,376	200,568
Interest received	55,453	60,618
Interest paid	(7,671)	(6,766)
Income tax paid	(7,244)	(27,033)
Net cash inflow from operating activities	118,914	227,387
Cash flow from investing activities:		
Purchase of financial assets at fair value through profit or loss	(1,587,596)	(2,419,685)
Disposal of financial assets at fair value through profit or loss	1,472,295	1,797,869
Acquisition of property, plant and equipment	(3,841)	(15,968)
Acquisition of intangible assets	-	(1,270)
Other financial assets - non-current	500	650
Other non-current assets - others	-	(452)
Dividends received	65,994	53,564
Net cash outflow from investment activities	(52,648)	(585,292)
Net cash flow from financing activities		
Increase in short-term borrowings	195,000	205,000
Repayment of leasing principal	(6,231)	(6,185)
Cash dividends paid	(165,773)	(110,473)
Repurchase of treasury shares	(32,183)	(7,338)
Net cash (outflow) inflows from financing activities	(9,187)	81,004
Increase (decrease) in cash and cash equivalents for the current period	57,079	(276,901)
Balance of cash and cash equivalents at the beginning of period	150,888	427,789
Balance of cash and cash equivalents at the end of the period	$ 207,967	150,888

(Please refer to the attached Notes to the Parent Company Only Financial Statements for details)

Chairman: Shih-Tung Lo　　Manager: Shih-Tung Lo　　Accounting Supervisor: Shu-Hua Liu

Infortrend Technology Inc.

Notes to Parent Company Only Financial Statements
2020 and 2019
(Unless otherwise indicated, all amounts are in NT$ Thousands)

1. Company Overview

Infortrend Technology Inc. (hereinafter referred to as "the Company") was established on January 19, 1993 with the approval of the Ministry of Economic Affairs at the registered address of 8F., No. 102, Sec. 3, Zhongshan Rd., Zhonghe Dist., New Taipei City 235010, Taiwan (R.O.C.). The Company is mainly engaged in research and development, manufacturing and trading business of all kinds of computer peripherals (RAID control system), etc. The Company's shares were officially listed on the Taiwan Stock Exchange Corporation (TWSE) on March 25, 2002.

2. Date and Procedures for the Adoption of Financial Statements

The Parent Company Only Financial Statements were approved and issued by the board of directors on March 11, 2021.

3. Application of New and Revised Standards and Interpretations

a. The impact of newly issued and revised standards and interpretations that have been adopted by the Company as endorsed by the Financial Supervisory Commission

The Company has adopted the following revised IFRS since January 1, 2020, without any material impact on the Parent Company Only Financial Statements.

- Amendments to IFRS 3 - Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 - Definition of Material

Amendments to IFRS 16 - COVID-19-Related Rent Concessions

b. The impact of IFRS endorsed by the FSC but yet to be adopted by the Company

The Company has evaluated that the adoption of the following revised IFRSs, effective from January 1, 2021, will not have a material impact on the Parent Company Only Financial Statements.

- Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform-Phase 2

c. Newly issued and revised standards and interpretations yet to be endorsed by the FSC

The Company anticipates that the following newly issued and revised standards, which have not yet been endorsed by the FSC, will not have a material impact on the Parent Company Only Financial Statements.

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendment to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendment to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
- Amendment to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract
- Annual Improvements to IFRSs 2018-2020 Cycle-
- Amendments to IFRS 3 - Updating a Reference to the Conceptual Framework
- Amendments to IAS 1 - Disclosure Initiative-Accounting Policies

- Amendments to IAS 8 - Definition of Accounting Estimates

4. Summary of Significant Accounting Policies

The significant accounting policies adopted in the Parent Company Only Financial Statements are summarized as follows. Unless otherwise stated, the following accounting policies have been consistently applied to all periods of presentation of the Parent Company Only Financial Statements.

a. Statement of compliance

The Parent Company Only Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers.

b. Basis of preparation

1) Basis of measurement

The Parent Company Only Financial Statements have been prepared on a historical cost basis except for the following important items in the balance sheet:

a) Financial assets measured at fair value through profit or loss are measured at fair value;
b) The net defined benefit liabilities (or assets) are measured by deducting the present value of the defined benefit obligations and the cap impact as described in Note 4 (15) from the fair value of the pension plan assets.

2) Functional Currency and Presentation Currency

Each individual entity of the Company adopts the currency of the major economic environment in which it operates as its functional currency. The Parent Company Only Financial Statements are presented in the New Taiwan dollar, the Company's functional currency. All financial information presented in New Taiwan Dollars is in NT$ Thousands.

c. Foreign currency

1) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. Foreign currency monetary items are translated into functional currency at the end date of each subsequent reporting period (hereinafter referred to as the reporting date) at the exchange rate on that day. Foreign currency non-monetary items measured at fair value are translated into functional currency at the exchange rate on the date when their fair value is measured, while foreign currency non-monetary items measured at historical cost are translated at the exchange rate prevailing at the transaction date.

Exchange differences resulting from translating the foreign currency are generally recognized as profit and loss, but the following items are recognized as other comprehensive income:

a) Equity instruments designated as measured at fair value through other comprehensive income;
b) Financial liabilities designated as net investment hedging for foreign operations within the effective hedging range; or
c) Qualified cash flow hedge within the effective hedging range.

2) Foreign operations

The assets and liabilities of the foreign operations, including goodwill and fair value adjustments at the time of acquisition, are translated into NTD at the exchange rate as at the reporting date; Income and expense items are translated into New Taiwan dollars at the average exchange rate of the current period, and the exchange differences are recognized as other comprehensive income.

In the event of loss of control, joint control or material impact as a result from the disposal of a foreign operation, the cumulative exchange difference related to the foreign operation is fully reclassified into profit or loss. In the case of partial disposal of a subsidiary with a foreign operation, the accumulated exchange difference is reclassified into non-controlling interest in proportion. In the case of partial disposal of investments in an affiliated enterprise or joint venture with a foreign operation, the accumulated exchange difference is reclassified into profit or loss in proportion.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the related gains and losses arising from the foreign currency exchange are regarded as part of the net investment in that foreign operation and recognized as other comprehensive income.

d. The classification criteria for assets and liabilities whether are current or non-current

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1) The asset is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
2) The asset is held primarily for trading purposes;
3) The asset is expected to be realized within 12 months after the reporting period; or
4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to pay off a liability for at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1) The liability is expected to be paid off in the normal operation cycle;
2) The liability is held primarily for trading purposes;
3) The liability is expected to be paid off within 12 months after the reporting period; or
4) The liability of which the settlement term cannot be deferred unconditionally to at least 12 months after the date of the balance sheet. The terms of a liability which may result in the settlement of an equity instrument at the option of the counterparty will not affect its classification.

e. Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term investments with highly liquidity that can be converted into quota cash at any time with little risk of change in value. Time deposits that meet the foregoing definition and are held for short-term cash commitments other than investment or other purposes are presented as cash at hand.

f. Financial instruments

Trade receivables are initially recognized at the time of generation. All other financial assets and financial liabilities are initially recognized when the Company became a party to the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than trade receivables that do not contain material financial components) or financial liabilities are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Trade receivables that do not contain material financial components are initially measured at transaction prices.

1) Financial assets

Where the purchase or sale of financial assets conforms to customary practice transaction, the Company adopts the same trading day accounting treatment for all purchases and sales of financial assets classified in the same manner.
At the time of initial recognition, financial assets are classified as: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss. The Company will reclassify all the affected financial assets from the first day of the next reporting period only when changing its business model for managing financial assets.

a) Financial assets measured at amortized cost

Financial assets are measured at amortized cost when they meet all the following conditions and are not designated as measured at fair value through profit or loss:

- The financial asset is held under a business model for the purpose of collecting contract cash flows.
- The cash flow generated on a specific date from the contract terms of the financial asset is solely for the payment of principal and interest on outstanding principal.

Such assets are subsequently measured at the initially recognized amount plus or minus the accumulated amortization calculated by the effective interest method, and at the amortized cost after adjustments for any loss allowances. Interest income, foreign currency exchange gains and losses and impairment losses are recognized in profit and loss. When derecognizing, the profit or loss is recognized in profit and loss.

b) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or measured at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. Trade receivables, which the Company intends to sell immediately or in the near future, are measured at fair value through profit or loss but are included under trade receivables. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as a financial asset measured at fair value through profit or loss so as to eliminate or materially reduce improper accounting matching.

Such assets are subsequently measured at fair value, and their net benefits or losses (including any dividend and interest income) are recognized as profit and loss.

c) Financial assets held for trading and managed and evaluated on a fair value basis are measured at fair value through profit or loss.

d) Impairments of financial assets

The Company recognizes the expected credit loss of financial assets (including cash and cash equivalents, trade receivables, other receivables and other financial assets, etc.) measured at amortized cost as allowance for loss.

The allowance for losses of the following financial assets is measured by the amount of expected credit losses in 12 months, and the remaining are measured by the amount of expected credit losses in the duration:

- The credit risk of debt securities was determined to be low at the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e., the risk of default during the expected duration of the financial instrument) has not increased significantly since the initial recognition.

The allowance for losses on trade receivables is measured by the amount of expected credit losses in the duration.

In determining whether the credit risk of a financial asset has increased significantly since the initial recognition, the Company considers reasonable and verifiable information which is available without excessive cost or effort, including qualitative and quantitative information, as well as analysis based on the Company's historical experience, credit assessments and forward-looking information.

If the contract payment is more than 90 days overdue, the Company assumes that the credit risk of the financial assets has increased significantly.

If the contract payment is more than 120 days overdue or the borrower is unlikely to fulfill its credit obligation to pay the Company in full, the Company considers that default occurs on the financial asset.

Expected credit losses over the duration refer to the expected credit losses arising from all possible defaults during the expected duration of a financial instrument.

Expected credit losses in 12 months refer to the expected credit losses arising from the possible defaults of a financial instrument within 12 months (or shorter period, if the expected duration of the financial instrument is less than 12 months) after the reporting.

The maximum period over which expected credit losses are measured is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit losses are the weighted estimates of the probability of credit losses over the expected duration of a financial instrument. The credit loss is measured by the present value of all cash shortfall, that is, the difference between the cash flows that the Company can collect under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate on financial assets.

The Company evaluates whether there is a credit impairment of financial assets as measured at amortized cost on each reporting date. When one or more events that have an adverse effect on the estimated future cash flow of a financial asset have occurred, the financial asset has suffered a credit impairment. Evidence of a credit impairment of a financial asset includes the observable information for the following events:

- Major financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than 120 days;
- The Company makes concessions for the borrower that would not have been considered for economic or contractual reasons related to the borrower's financial difficulties;
- The borrower is most likely to file for bankruptcy or conduct other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.
- The allowance for loss of a financial asset measured at amortized cost are deducted from the carrying amount of the asset.

When the Company cannot reasonably anticipate the recovery of financial assets in whole or in part, it directly reduces the total carrying amount of its financial assets. The Company analyzes the timing and amount of the write-off on the basis of whether it is reasonably expected to be recovered. The Company expects that the amount written off will not be materially reversed. However, the written-off financial assets may still be enforced to comply with the procedures for the Company to recover the overdue amount.

e) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights derived from the cash flows of the asset are terminated, or it has transferred a financial asset and virtually has transferred all the risks and rewards of the ownership of the asset to another enterprise, or virtually has neither transferred nor retained the ownership of all of the risks and rewards and nor retained the control of the financial asset.

If all or substantially all of the risks and rewards associated with ownership of a transferred financial asset in transactions entered into by the Company are retained, the financial asset is constantly recognized on the balance sheet.

2) Financial liabilities and equity instruments

a) Classification of liabilities or equities

The debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

b) Equity instruments

Equity instruments refer to any contract that recognizes the residual equity in the Company's assets after the deduction of all its liabilities. The equity instruments issued by the Company are recognized as the amount of the proceeds obtained after deducting the direct cost of issuance.

c) Treasury shares

In the repurchase of the equity instruments recognized by the Company, the consideration paid, including direct attributed costs, is recognized as a reduction in equity. The repurchased shares are classified as treasury shares. For any subsequent sale or re-issue of treasury shares, the amount received is recognized as a reduction in equity, and the surplus or loss arising from the transaction is recognized as capital surplus or retained earnings (where capital surplus are insufficient to offset).

d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or measured at fair value through profit or loss. Financial liabilities, if held for trading, are derivatives or designated at the time of initial recognition, are classified as measured at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value and the related net profits and losses, including any interest expense, are recognized in profit and loss.

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

e) Derecognition of financial liabilities

The Company derecognizes financial liabilities when its contractual obligations have been performed, canceled or due. When the terms of financial liabilities are revised and there is a material difference in the cash flow of the revised liabilities, the initial financial liabilities will be derecognized and new financial liabilities will be recognized at fair value on the basis of the revised terms.

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

3) Derivative financial instruments

The Company holds derivative financial instruments for hedging against the exposure to foreign currency and interest rate risks.

Derivative instruments are initially measured at fair value and subsequently measured at fair value, and the benefits or losses arising from the remeasurement are directly recognized as profit and loss.

g. Inventories

Inventories are measured at cost and net realized value, whichever is lower. Costs include costs and other costs for acquisition, manufacturing or processing incurred in bringing them to the place and condition where they are available for use, and are calculated by a weighted average method. The cost of inventory of finished goods and work in process includes manufacturing expenses apportioned to normal capacity in appropriate proportion.

Net realizable value refers to the balance of the estimated selling price under normal business operation minus the estimated costs required for completion and the estimated costs required for completion of the sale.

h. Investments in subsidiaries

In the preparation of the Parent Company Only Financial Statements, the Company adopts the equity method to evaluate the investee companies that it has control over. Under the equity method, the current profit and loss and other comprehensive profit and loss of the Parent Company Only Financial Statements are the same as the apportionment of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owner's equity of the Parent Company Only Financial Statements is the same as the owner's equity attributable to the owners of the parent company in the financial statements prepared on the consolidated basis.

If the change in the ownership interest of a subsidiary does not result in the loss of control, the Company accounts for it as an equity transaction with the owner.

i. Property, plant and equipment

1) Recognition and measurement

Property, plant, and equipment items are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

The material components of property, plant and equipment with different service lives are treated as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of the property, plant, and equipment is recognized as profit and loss.

2) Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

3) Depreciation

Depreciation is calculated at the cost of the asset minus the residual value and is recognized as profit and loss over the estimated service life of each component using a straight-line method.

No depreciation provision will be made for the land.

The estimated service life of the current period and the comparative period is as follows:

a)	Buildings and structures	5 ~ 50 years
b)	Machinery equipment	2 ~ 7 years
c)	Transportation equipment	5 ~ 10 years
d)	Office equipment	3 ~ 4 years
e)	Other equipment	2 ~ 8 years

The Company shall review the depreciation method, useful life, and residual value on each reporting date, and make appropriate adjustments as necessary.

j. Leases

1) Identify a lease

The Company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease. To evaluate whether the contract is a lease, the Company evaluates the following items:

a) The contract involves the use of an identified asset, which is explicitly designated in the contract or implicitly designated when it is available for use, and its substance may be distinguished or may represent substantially all capacity. If the provider poses substantive rights to replace the asset, the asset is not an identified asset; and

b) The right to obtain substantially all of the economic benefits arising from the use of the identified assets throughout the life of the use; and

c) Acquire the right to dominate the use of the identified assets if:

- The right to direct the use and the purposes of the identified assets throughout the use period; or
- The relevant decisions about the use method and purpose of use of the asset are determined in advance, and:
  - The right to operate the asset throughout the life of its use, and the provider does not have the right to change any such operation instructions; or
  - The way in which the asset is designed predetermines how and for what purpose it will be used throughout its life.

2) Lessee

The Company recognizes the right-of-use assets and lease liabilities on the commencement date of the lease, initially measures the right-of-use assets at cost, which includes the initial measured amount of the lease liabilities, adjusts any lease payments made on or before the commencement date of the lease, and adds the initial direct costs incurred and the estimated costs of dismantling and removing the underlying assets, and restoring the underlying assets and their locations, and deducts any leasing incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date of the lease to the expiration of the service life of the use right assets or the expiration of the lease term, whichever is earlier. In addition, the Company regularly evaluates whether there is any impairment of the right assets and treats with any impairment losses that have been incurred, and adjusts the right assets in the event of remeasurement of the lease liabilities.

The lease liability is measured at the present value of the outstanding lease payments at the commencement date of the lease. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate; if not, the Company's incremental borrowing rate is applied. In general, the Company adopts the incremental borrowing rate as the discount rate.

Lease payments included in the measure of lease liabilities include:

a) Fixed payments, including substantial fixed payments;
b) Variable lease payments subject to an index or rate are initially measured by the index or rate on the commencement date of the lease;
c) Residual value guaranteed amount expected to be paid, and;
d) The strike price at which the purchase option or lease termination option is reasonably determined to be exercised or the penalty required to be paid.

Lease liabilities are subsequently accrued interest by the effective interest method and measured under the following circumstances:

a) Changes in future lease payments resulting from changes in the index or rate used to determine lease payments;
b) Changes in the residual value guaranteed amount expected to be paid;
c) Changes in the valuation of the underlying asset call option;
d) Changes in the estimate of whether or not to exercise the extension or termination option may alter the assessment of the lease term; or
e) Modification of the subject, scope or other terms of the lease.

When the lease liabilities are remeasured as a result of the foregoing changes in the index or rate used to determine lease payments, changes in the residual value guaranteed amount, and changes in the estimate of the call option, extension or termination option, the carrying amount of the right-of-use assets are adjusted accordingly, and the remaining remeasured amount is recognized as profit and loss when the carrying amount of the right-of-use assets are reduced to zero.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasured amount of the lease liability is recognized as the profit and loss.

The Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment properties respectively in the balance sheet as separate-line items.

If the agreement contains leasing and non-leasing components, the Company apportions the consideration in the agreement to the individual leasing components on a relatively separate price basis. However, in the case of leasing the land and the building, the Company elects not to classify the non-leasing components and treat the leasing components and the non-leasing components as the single leasing components.

For the short-term lease of the premises and equipment, the Company chooses not to recognize the right-of-use assets and lease liabilities, but recognizes the relevant lease payments as expenses on a straight-line basis during the lease term in instead.

3) Lessor

For transactions in which the Company is the lessor, the lease contract is classified according to whether almost all risks and rewards attached to the ownership of the underlying asset are transferred on the commencement date of the lease. If so, it is classified as a financial lease; otherwise, it is classified as an operating lease. At the time of evaluation, the Company considers relevant specific indicators, including whether the lease term covers a major part of the economic life of the underlying asset.

k. Intangible assets

1) Recognition and measurement

Goodwill arising from the acquisition of a subsidiary is measured as cost less cumulative impairment.

Expenditures related to research activities are recognized as profit and loss when incurred.

Development expenditures are only capitalized when they can be reliably measured, when the technical or commercial feasibility of the product or process has been achieved, when the future economic benefits are likely to flow into the Company, and when the Company intends and has sufficient resources to complete the development and to use or sell the asset. Other development expenditures are recognized as profit and loss as incurred. After the initial recognition, capitalized development expenditures are measured by the amount of their costs less accumulated amortization and accumulated impairment.

Other intangible assets with limited life that are acquired by the Company are measured by the amount of cost less accumulated amortization and accumulated impairment.

2) Subsequent expenditures

Subsequent expenditures are capitalized only to the extent that they will increase the future economic benefits of the specific asset concerned. All other expenditures, including internally developed goodwill and brand, are recognized as profit and loss as incurred.

3) Amortization

Except goodwill, amortization is calculated on the basis of the cost of the asset less the estimated residual value and is recognized as profit and loss over the estimated service life of the intangible assets by the straight-line method from the time the assets reach the serviceable state.

The estimated service life of the current period and the comparative period is as follows:

Computer software	3 ~ 5 years

The Company reviews the amortization method, service life and residual value of intangible assets on each reporting date and makes appropriate adjustments if necessary.

l. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that the carrying amount of non-financial assets (other than inventory and deferred tax assets) may be impaired, and estimates the recoverable amount of the asset if any impairment indication.

For the purpose of the impairment test, the minimum identifiable group of assets is defined as one of the groups of cash inflows that are largely independent of other individual assets or asset groups. Goodwill derived from the business combination is apportioned to the cash generating units or groups of cash generating units that are expected to benefit from the overall benefits of the business combination.

The recoverable amount is the fair value of individual assets or cash generating units less disposal costs, and its use value, whichever is higher. In assessing the use value, it is estimated that the future cash flows are translated to present value at the pre-tax discount rate, which shall reflect the current market's assessment of the time value of money and the specific risk of the asset or cash generating unit.

If the recoverable amount of an individual asset or cash generating unit is lower than the carrying amount, the impairment loss will be recognized.

Impairment loss is recognized immediately as profit or loss, reducing firstly the carrying amount of the amortized goodwill of the cash generating unit and then the carrying amount of each asset in proportion to the carrying amount of the other assets of the unit.

Non-financial assets other than goodwill are reversed only to the extent not exceeding the carrying amount of the asset determined when the impairment loss has not been recognized in the previous year (less depreciation or amortization).

m. Provisions

The recognition of a provision for liabilities means that the Company has a present obligation arising from a past event, and it is likely that the Company will have to discharge resources with economic benefit in the future to fulfill the obligation, the amount of which can be reliably estimated.

1) Warranty

Provision for warranty liabilities is recognized at the time of sale of goods or services and is measured on a weighted basis according to its relative probability based on historical warranty information and all possible outcomes.

n. Recognition of income

1) Revenue from contracts with customers

Income is measured at the consideration to which it is expected to be entitled in transferring the goods or services. The Company recognizes income only when the control of goods or services is transferred to customers and the performance obligations are fulfilled. According to the main revenue items of the Company, it is described as follows:

a) Sales of goods - computer peripherals

The Company conducts research and development, manufacturing, and sales to the downstream manufacturers. The Company recognizes income only when the control of goods is transferred. The control transfer of the product means that the product has been delivered to the customer, the customer is fully in a position to determine the distribution channel and price of the product and there are no outstanding obligations which would affect the acceptance of the product by the customer. Delivery mainly occurs when the product is shipped from the point of departure, its obsolescence and the risk of loss has been transferred to the customer, the customer has accepted the product in accordance with the sales contract, the acceptance terms have lapsed, or the Company considers that all the acceptance conditions have been met with objective evidence.

The Company provides standard warranty for computer peripherals and therefore assures a refund obligation for defects, and has recognized the provision for warranty liabilities in respect of this obligation. Please refer to Note 6 (12) for details.

The Company recognizes the trade receivables at the time of delivery of goods, since the Company reserves the right to collect consideration unconditionally at that time.

b) Rendering of services

The Company provides software updates and product maintenance services for enterprises, and recognizes the relevant income during the financial statement period for the rendering of services. For fixed-price contracts, income is recognized on the basis of the percentage of services actually rendered to total services as of the reporting date, as determined by the percentage of costs incurred to the estimated total costs of the transaction.

Under a fixed price contract, the customer pays a fixed amount at the agreed time. Contract assets are recognized when the value of services rendered exceeds the payments, while contract liabilities are recognized when payments exceed the value of services rendered.

c) Financial component

The Company expects that the time between the transfer of goods or services to the customer under all customer contracts and the payment for such goods or services by the customer is not exceed one year. Therefore, the Company does not adjust the time value of money of the transaction price.

o. Employee benefits

1) Defined contribution plans

The contribution obligations for the defined contribution plans are recognized as expenses during the period of service rendered by the employee.

2) Defined benefit plans

The Company calculates the net obligation for the defined benefit plans by converting the amount of future benefits earned by the employee' service in the current or previous periods to the present value for each benefit plan separately and deducting the fair value of any plan assets.

Defined benefit obligations are calculated on an actuarial and annual basis by a qualified actuary using the estimated unit benefit method. Where the calculation is likely to be favorable to the Company, the recognized assets are limited to the present value of any economic benefit available in the form of a refund of contributions from the plan or a reduction in future contributions to the plan. The present value of economic benefits is calculated by taking into account any minimum capital contributions.

Remeasurement of the net defined benefit liabilities, including actuarial gains and losses, returns on planned assets (excluding interest), and any changes in the cap impact of the asset (excluding interest), is immediately recognized as other comprehensive income and accumulated in retained earnings. The Company determines the net interest expense (income) of the net defined benefit liabilities (assets) by using the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the net defined benefit plan are recognized as profit and loss.

Changes in benefits related to the service costs or reduction of benefits or losses in previous period arising from a plan modification or reduction are immediately recognized as profit and loss. The Company recognizes the settlement gains and losses of the defined benefit plan at the time of settlement.

3) Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses at the time of service delivery. If the Company has a present statutory or constructive payment obligation arising out of the services rendered by an employee in the past and such obligation can be reliably estimated, the amount will be recognized as a liability.

p. Share-based payment transaction

For the share-based payment agreement for the equity delivery, the expenses are recognized at fair value at the grant date and the relative equity is increased within the vesting period of the award. The recognized expenses are adjusted according to the amount of awards expected to meet the service conditions and non-market vesting conditions, and the final recognized amount is measured on the basis of the amount of awards that meet the service conditions and non-market vesting conditions on the vesting day.

Non-vesting conditions relating to share-based awards are reflected in the fair value measurement of the share-based payments on the grant date, and the difference between the expected and actual results is not subject to verification and adjustment.

The fair value of the share appreciation right in cash delivery to be paid to the employee is recognized as expenses and increased to relative liabilities during the period in which the employee is entitled to unconditionally receive remuneration. The liability is remeasured at the fair value of the share appreciation right at each reporting date and closing date and any change is recognized as profit and loss.

The date on which the share-based payment is made is the date approved by the board of directors.

q. Income tax

Income tax includes current and deferred income tax. Current income tax and deferred income tax are recognized as profit and loss, except for those related to business combination and items directly recognized as equity or other comprehensive income.

The Company determines that any interest or penalty (including uncertain tax treatment) related to income tax does not meet the definition of income tax and is therefore subject to the accounting treatment of IAS 37.

Current income tax includes the estimated income tax payable or tax refunds receivable based on tax gains (losses) for the current year and any adjustments to income taxes payable or tax refunds receivable for previous years. The amount of current income tax is the best estimate of the amount expected to be paid or received as measured by the statutory or substantive legislative tax rates at the reporting date.

Deferred income tax is measured and recognized at the temporary difference between the carrying amount and the tax basis of assets and liabilities on the financial statement date. Temporary differences arising from the following circumstances are not recognized as deferred income tax:

1) Temporary differences arising from the initial recognition of assets or liabilities other than in the transaction of a business combination which do not affect accounting profits and tax gains (losses) at the time of the transaction;

2) Temporary differences arising from investment in subsidiaries, affiliates and joint venture equity, of which the Company can control the timing and which are unlikely to reverse in the foreseeable future; and

3) Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax is measured at the tax rate at the time of reversal of expected temporary differences based on the statutory or substantive legislative tax rate at the reporting date.

The Company will offset deferred tax assets and deferred tax liabilities against each other only if all of the following conditions are satisfied:

1) Has the legal executive power to offset the current income tax assets and current income tax liabilities; and

2) Deferred tax assets and deferred tax liabilities are related to one of the following taxpayers of income tax levied by the same tax authority:

   a) The same taxpayer; or
   b) Different taxpayers, but each taxpayer intends to pay off the current income tax liabilities and assets on a net basis or realize the assets and settle the liabilities at the same time during each future period when the deferred tax assets of a significant amount are expected to be recovered and the deferred tax liabilities are expected to be paid off.

Unused tax losses, unused income tax credits transferred in later period and deductible temporary differences are recognized as deferred tax assets to the extent that future tax income is likely to be available, are reassessed at each reporting date and reduced to the extent that the relevant income tax benefit is not likely to be realized, or reversed on the amount originally reduced to the extent that there is likely to be sufficient taxable income.

r. Earnings per share

The Company presents the basic and diluted earnings per share attributable to the ordinary equity holders of the Company. The basic earnings per share of the Company is calculated by dividing the profit and loss attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the current period. Diluted earnings per share calculated by adjusting the profit and loss attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company include new restricted employee shares granted to employees.

s. Segment Information

The Company has disclosed the segment information in consolidated financial statements, therefore, such information is not disclosed in the Parent Company Only Financial Statements.

5. Major Sources of Uncertainty in Material Accounting Judgments, Estimates and Assumptions

When preparing the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers, the management must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, earnings and expenses. Actual results may differ from estimates.

Management continually reviews estimates and underlying assumptions, and recognizes the changes in accounting estimates in the period of change and in the affected future periods.

The Company has no accounting policies that involve material judgments and have material impact on the amounts recognized in the Parent Company Only Financial Statements.

For the uncertainties in the assumptions and estimates, the information related to the material risk that will result in a material adjustment in the next fiscal period is as follows:

a. Allowance for loss of trade receivables

The Company's allowance for losses on trade receivables is estimated based on the assumption of default risk and expected loss ratio. The Company considers historical experience, current market conditions and forward-looking estimates for each reporting date to determine the assumptions to be adopted and the input values to be selected in calculating the impairment. Please refer to Note 6 (3) for a detailed description of the relevant assumptions and input values.

b. Valuation of inventory

Since inventory must be measured at the cost and net realized value, the Company evaluates the amount of inventory for normal wear and wear, obsolescence, or without market value on the reporting date and deducts the cost of inventory to net realized value. This inventory valuation is based on product demand during a specific period in the future and may be subject to change due to rapid industrial changes. Please refer to Note 6 (5) for details of inventory valuation.

6. Descriptions of Significant Accounting Subjects

a. Cash and cash equivalents

	2020.12.31	2019.12.31
Cash	$ 27	47
Demand and check deposit	97,871	54,915
Foreign currency deposit	96,569	64,211
Time deposits	13,500	31,715
Cash and cash equivalents presented in the Statement of Cash and cash equivalents in the statement of cash flow	$ 207,967	150,888

Please refer to Note 6 (21) for the disclosure of sensitivity analysis of financial assets and liabilities of the Company.

b. Financial assets (liabilities) at fair value through profit or loss

	2020.12.31	2019.12.31
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Beneficiary certificate - Fund	$ 749,872	770,417
Investment on bonds	659,967	1,053,853
Preferred shares	2,072,879	1,667,491
Ordinary shares	11,696	11,423
Non-hedging derivative instruments		
Perpetual bonds	27,547	73,696
Subtotal	3,521,961	3,576,880
Financial liabilities held for trading:		
Non-hedging derivative instruments		
Swap contracts	-	(338)
Total	$ 3,521,961	3,576,542
Current	$ 3,494,414	3,502,846
Non-current	27,547	73,696
Total	$ 3,521,961	3,576,542

1) Preferred shares

The Company holds preferred shares issued by domestic listed companies, all of which are non-cumulative preferred shares, and the dividends are paid at the agreed annual rate, which is adjusted and reset periodically in accordance with the agreed period. None of the shares has a maturity date, but the issuing company may recover all or part of the issued preferred shares at the original issue price upon the expiration of the agreed term, and its rights and obligations shall continue under the original terms and conditions of issuance if the shares are not recovered. The preferred shares held by the Company are non-voting and non-convertible preferred shares, except for the

Non-cumulative Convertible Class A Preferred Shares issued by O-Bank which are convertible into ordinary shares commencing on the day following the one-year expiry of the issue.

2) Perpetual bonds

On July 14, 2017, the Company purchased the perpetual bonds issued by SoftBank Group Corp. on July 12, 2017 through Yuanta Asset Management (H.K.) Limited for a transaction amount of NT$30,749 thousand, at the initial distribution ratio of 6.000%, which will expire on December 29, 2049. The issuer is entitled to the first right of redemption on July 19, 2023, and will be charged additional interest at 4.226% if it fails to repurchase by the expiration date.

On August 2, 2017, the Company purchased the perpetual bonds issued by Radiant Access Ltd., on May 11, 2017 through Yuanta Asset Management (H.K.) Limited for a transaction amount of NT$44,572 thousand, at the initial distribution ratio of 4.600%, which will expire on December 29, 2049. The issuer has repurchased the perpetual bonds on November 19, 2020 for a transaction amount of NT$43,058 thousand.

3) Swap contracts

Engaging in derivative financial instruments aims to avoid exchange rate risks arising from operating activities. The details of the derivatives presented as financial assets measured at fair value through profit or loss due to the fact that the Company does not apply hedging accounting are as follows:

2019.12.31	Contract amount (NT$ Thousands)	Currency	Maturity period
Swap	USD 1,000	NTD to USD	2020.3.12

The Company has disclosed the exposure to risks of credit, currency and interest rate associated with financial instruments in Note 6 (21).

On December 31, 2020, the Company mortgaged 3,333 thousand Class A Preferred Shares issued by Fubon Financial Holding, 2,493 thousand Class A Preferred Shares issued by Cathay Financial Holdings, 5,551 thousand Class A Preferred Shares issued by Union Bank, 7,729 thousand Class E Registered Preferred Shares issued by Taishin Holdings and 5,400 thousand Class A Preferred Shares of Shin Kong Financial Holding as the guarantee for short-term borrowings and financing amount. On December 31, 2019, the Company mortgaged 3,333 thousand Class A Preferred Shares issued by Fubon Financial Holding, 2,493 thousand Class A Preferred Shares issued by Cathay Financial Holdings, 5,551 thousand Class A Preferred Shares issued by Union Bank and 5,855 thousand Class E Registered Preferred Shares issued by Taishin Holdings as the guarantee for short-term borrowings and financing amount. Please refer to Note 8 for the disclosure of collateral mortgage.

c. Trade receivables

	2020.12.31	2019.12.31
Trade receivables - related parties	$ 104,108	190,863
Trade receivables - non-related parties	112,153	156,832
Less: allowance for losses	(3,820)	(2,020)
	$ 212,441	345,675

The Company estimates the expected credit losses for all trade receivables using a simplified approach, that is, measures by the expected credit loss over the duration. For the measurement, such trade receivables is grouped according to the common credit risk characteristics represent the ability of customers to pay all amounts due under the contract terms and have been included in the forward-looking information. The expected credit loss analysis of the Company's trade receivables - non-related parties is as follows:

	2020.12.31		
	Carrying amount of trade receivables	Weighted average expected credit loss rate	Allowance for expected credit losses over the duration
Not overdue	$ 106,728	0.00%	-
Overdue for less than 30 days	-	0.00%	-
Overdue for 31 to 60 days	-	0.00%	-
Overdue for 61 to 90 days	1,293	0.00%	-
Overdue for 91 to 120 days	398	42.11%	86
Overdue for more than 121 days	3,734	100.00%	3,734
	$ 112,153		3,820

	2019.12.31		
	Carrying amount of trade receivables	Weighted average expected credit loss rate	Allowance for expected credit losses over the duration
Not overdue	$ 147,472	0.00%	-
Overdue for less than 30 days	5,375	0.00%	-
Overdue for 31 to 60 days	-	0.00%	-
Overdue for 61 to 90 days	1,963	0.00%	-
Overdue for 91 to 120 days	-	0.00%	-
Overdue for more than 121 days	2,022	99.92%	2,020
	$ 156,832		2,020

The expected credit loss analysis of the Company's trade receivables - related parties is as follows:

	2020.12.31		
	Carrying amount of trade receivables	Weighted average expected credit loss rate	Allowance for expected credit losses over the duration
Not overdue	$ 58,038	0.00%	-
Overdue for less than 30 days	-	0.00%	-
Overdue for 31 to 60 days	-	0.00%	-
Overdue for 61 to 90 days	-	0.00%	-
Overdue for 91 to 120 days	-	0.00%	-
Overdue for more than 121 days	46,070	0.00%	-
	$ 104,108		-

	2019.12.31		
	Carrying amount of trade receivables	Weighted average expected credit loss rate	Allowance for expected credit losses over the duration
Not overdue	$ 97,479	0.00%	-
Overdue for less than 30 days	21,491	0.00%	-
Overdue for 31 to 60 days	2,840	0.00%	-
Overdue for 61 to 90 days	-	0.00%	-
Overdue for 91 to 120 days	-	0.00%	-
Overdue for more than 121 days	69,053	0.00%	-
	$ 190,863		-

The statement of changes in the allowance for losses on the trade receivables of the Company is as follows:

	2020	2019
Beginning balance	$ 2,020	938
Recognized impairment loss	1,800	1,082
Ending balance	$ 3,820	2,020

Allowance for losses on trade receivables is used to record expected credit losses, but if and when the Company believes that the relevant amount may not be recoverable, it will be directly credited to financial assets. The overdue trade receivables of the Company as of December 31, 2020 and 2019 were mainly payments for goods to related parties, and the Company has determined that there is no doubt about recovery based on the overall fund utilization of the Group. As of March 5, 2021, the Company has recovered NT$36,775 thousand from elated parties after the period.

d. Other receivables

	2020.12.31	2019.12.31
Other receivables	$ 101,500	81,500

Based on historical experience, no expected credit loss arising from default events is expected to incur from the above-mentioned other receivables during their existence, thus it is estimated that their expected credit loss rate is zero.

Please refer to Note 6 (21) for further information on the remaining credit risks.

e. Inventories

	2020.12.31	2019.12.31
Raw materials and consumables	$ 243,265	218,269
Work in process	36,611	45,731
Finished products	27,267	44,099
	$ 307,143	308,099

The breakdown of the Company's cost of goods sold for 2020 and 2019 were as follows:

	2020	2019
Cost of goods sold	$ 571,468	627,464
Gain on physical inventory	(45)	(71)
Inventory scrap loss	6,797	13,501
Inventory loss from market price decline and loss on obsolete and slow-moving inventories	5,020	9,376
Total	$ 583,240	650,270

As of December 31, 2020 and 2019, the Company's inventory has not been pledged as collateral.

f. Investment and investment credit balance accounted for using equity method

The investments accounted for using equity method of the Company as of the reporting date are presented as follows:

	2020.12.31	2019.12.31
Subsidiary	$ 50,075	53,675
Subsidiary	(9,835)	(29,538)
	$ 40,240	24,137

1) Subsidiary

Please refer to the Consolidated Financial statements for 2020.

As of December 31, 2020 and 2019, the investments accounted for using equity method of the Company have not been subject to pledges, guarantees or restrictions.

g. Property, plant, and equipment

The breakdown of changes in cost and depreciation of the Company's property plant and equipment for 2020 and 2019 is as follows:

	Land	Buildings and structures	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost or deemed cost:							
Balance as of January 1, 2020	$ 398,945	344,331	78,566	7,833	2,658	144,624	976,957
Addition	-	794	98	-	181	2,768	3,841
Transfer in	-	465	-	-	-	-	465
Disposal and retirement	-	-	(161)	-	(178)	(1,887)	(2,226)
Balance as of December 31, 2020	$ 398,945	345,590	78,503	7,833	2,661	145,505	979,037
Balance as of January 1, 2019	$ 398,945	345,183	78,742	7,833	2,966	136,090	969,759
Addition	-	-	-	-	-	14,540	14,540
Disposal and retirement	-	(852)	(176)	-	(308)	(6,006)	(7,342)
Balance as of December 31, 2019	$ 398,945	344,331	78,566	7,833	2,658	144,624	976,957
Depreciation and impairment losses:							
Balance as of January 1, 2020	$ -	155,917	78,089	7,021	2,658	126,855	370,540
Depreciation in current year	-	11,236	358	487	41	7,256	19,378
Transfer in	-	13	-	-	-	-	13
Disposal and retirement	-	-	(161)	-	(178)	(1,887)	(2,226)
Balance as of December 31, 2020	$ -	167,166	78,286	7,508	2,521	132,224	387,705
Balance as of January 1, 2019	$ -	145,378	77,433	6,534	2,966	125,011	357,322
Depreciation in current year	-	11,269	832	487	-	7,850	20,438
Disposal and retirement	-	(730)	(176)	-	(308)	(6,006)	(7,220)
Balance as of December 31, 2019	$ -	155,917	78,089	7,021	2,658	126,855	370,540
Carrying value:							
December 31, 2020	$ 398,945	178,424	217	325	140	13,281	591,332
January 1, 2019	$ 398,945	199,805	1,309	1,299	-	11,079	612,437
December 31, 2019	$ 398,945	188,414	477	812	-	17,769	606,417

As of December 31, 2020 and 2019, they are not provided as guarantee for borrowing and financing amount.

h. Right-of-use assets

The changes in the cost and depreciation of buildings and structures leased by the Company are as follows:

	Buildings and structures
Cost of right-of-use assets:	
Balance as of December 31, 2020 (i.e., beginning balance)	$ 23,301
Balance as of January 1, 2019 (amount on the initial application date)	$ 19,772
Addition	9,402
Reduction	(5,873)
Balance as of December 31, 2019	$ 23,301
Depreciation of right-of-use assets:	
Balance as of January 1, 2020	$ 4,135
Provision for depreciation	6,290
Balance as of December 31, 2020	$ 10,425
Balance as of January 1, 2019	$ -
Provision for depreciation	6,280
Reduction	(2,145)
Balance as of December 31, 2019	$ 4,135
Carrying value:	
December 31, 2020	$ 12,876
January 1, 2019	$ 19,772
December 31, 2019	$ 19,166

i. Intangible assets

Intangible assets refer to the acquisition costs of computer software. The cost and amortization of the Company's intangible assets for 2020 and 2019 are as follows:

	Cost of computer software
Cost:	
Balance as of December 31, 2020 (i.e., beginning balance)	$ 35,815
Balance as of January 1, 2019	$ 35,155
Addition	1,270
Disposal and retirement	(610)
Balance as of December 31, 2019	$ 35,815
Amortization:	
Balance as of January 1, 2020	$ 34,307
Current amortization	787
Balance as of December 31, 2020	$ 35,094
Balance as of January 1, 2019	$ 33,583
Current amortization	1,334
Disposal and retirement	(610)
Balance as of December 31, 2019	$ 34,307
Carrying value:	
December 31, 2020	$ 721
January 1, 2019	$ 1,572
December 31, 2019	$ 1,508

The amortization expenses of intangible assets for 2020 and 2019 are presented in the Statement of Comprehensive Income under the following items:

	2020	2019
Operating expenses	$ 787	1,334

j. Short-term loans

The details, terms and conditions of the short-term borrowings of the Company are as follows:

	2020.12.31			
	Currency	Range of interest rate	Maturity year	Amount
Unsecured bank loans	TWD	1.00%~1.08%	110	$ 357,500
Secured bank loans	TWD	1.00%~1.05%	110	492,500
Total				$ 850,000
Unused quota				$ 450,000

	2019.12.31			
	Currency	Range of interest rate	Maturity year	Amount
Unsecured bank loans	TWD	1.10%~1.35%	109	$ 266,250
Secured bank loans	TWD	1.10%~1.13%	109	388,750
Total				$ 655,000
Unused credit line				$ 545,000

Please refer to Note 6 (21) for further information on the liquidity risk exposure of Company.

Please refer to Note 6 (2) and 8 for the mortgage of the Company's assets as collateral for bank loans.

k. Lease liabilities

The carrying amount of the Company's leasing liabilities is as follows:

	2020.12.31	2019.12.31
Current	$ 6,085	6,231
Non-current	$ 6,922	13,007

Please refer to Note 6 (21) Financial instruments for details of maturity analysis.

The amount of lease recognized in profit and loss is as follows:

	2020	2019
Interest expense on lease liabilities	$ 214	228
Expenses for short-term leases	$ 128	135

The amount of lease recognized in the Statement of Cash Flow is as follows:

	2020	2019
Total cash outflow from leases	$ 6,573	6,548

1) Lease of buildings and structures

The Company leases buildings and structures as offices and warehouses for a period of 2~6 years.

2) Other leases

The Company leases the premises and equipment for a period of less than one year, which belong to short-term leases. The Company chooses to apply the exemption from recognition and does not recognize its relevant right-of-use assets and lease liabilities.

l. Provisions

	Warranty
Balance as of December 31, 2020 (i.e., beginning balance)	$ 2,657
Balance as of December 31, 2019 (i.e., beginning balance)	$ 2,657

The Company's provision for warranty liabilities in 2020 and 2019 is primarily related to the sale of products, and is estimated on the basis of historical warranty information for similar goods and services.

m. Employee benefits

1) Defined benefit plans

The movements between the present value of defined benefit obligations and the fair value of the plan assets of the Company is as follows:

	2020.12.31	2019.12.31
Present value of defined benefit obligations	$ 59,724	51,374
Fair value of plan assets	(29,784)	(28,116)
Net defined benefit liabilities	$ 29,940	23,258

The Company's defined benefit plan is allocated to the labor retirement reserve fund account established in the Bank of Taiwan. The retirement pension payment of each employee who applies the Labor Standards Act is calculated according to the base from years of service and the average salary for the six months prior to retirement.

a) Composition of plan assets

The pension fund allocated by the Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," for the utilization of the fund, the minimum return distributed in the final accounts each year shall not be lower than the return calculated at the interest rate for two-year fixed deposits at local banks.

As of the reporting date, the balance of the Company's labor retirement reserve fund account established in the Bank of Taiwan is NT$29,784 thousand. Information on the utilization of labor retirement fund assets includes return on funds and fund asset allocation. Please refer to the information published on the website of the Bureau of Labor Funds, Ministry of Labor for more details.

b) The movements in the present value of defined benefit obligations

The changes in the present value of the defined benefit obligation of the Company in 2020 and 2019 are as follows:

	2020	2019
Defined benefit obligations as of January 1	$ 51,374	45,140
Current service cost and interest	773	978
Remeasurement of the net defined benefit liabilities		
- Actuarial gains and losses arising from changes in demographic assumptions	491	(23)
- Actuarial gains and losses arising from changes in financial assumptions	2,455	(114)
- Experience adjustments	4,631	5,393
Defined benefit obligations as of December 31	$ 59,724	51,374

c) The movements in the fair value of plan assets

The changes in the fair value of the defined benefit plan assets of the Company in 2020 and 2019 are as follows:

	2020	2019
Fair value of plan assets as of January 1	$ 28,116	26,246
Interest income	228	296
Remeasurement of the net defined benefit liabilities		
- Return on plan assets (excluding current interest)	895	892
Amount allocated to the plan	545	682
Fair value of plan assets as of December 31	$ 29,784	28,116

d) Expenses recognized in profit or loss

The expenses recognized in profit or loss in 2020 and 2019 are as follows:

	2020	2019
Current service cost	$ 362	470
Interest on defined benefit liabilities	183	212
	$ 545	682
Administrative expenses	$ 545	682

e) Actuarial assumption

The material actuarial assumptions used by the Company to determine the present value of the defined benefit obligations on the closing date of financial statement are as follows:

	2020.12.31	2019.12.31
Discount rate	0.350%	0.800%
Increase in future salary	2.625%	2.625%

The Company expects to make an allocation of NT$338 thousand to the defined benefit plan within one year after the reporting date of 2020.

The weighted average duration of the defined benefit plan is 13 years.

f) Sensitivity analysis

The impact of the changes in the major actuarial assumptions adopted on the present value of defined benefit obligations as of December 31, 2020 and 2019 is as follows:

	Impact on the defined benefit obligations	
	Increase	Decrease
December 31, 2020		
Discount rate (change by 0.25%)	$ (1,383)	1,436
Future salary increase (change by 0.25%)	1,369	(1,326)

	Impact on the defined benefit obligations	
	Increase	Decrease
December 31, 2019		
Discount rate (change by 0.25%)	$ (1,295)	1,346
Future salary increase (change by 0.25%)	1,288	(1,246)

The above sensitivity analysis refers to the analysis of the impact of changes in a single assumption under the premise that other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The methods used for sensitivity analysis is consistent with that used to calculate the net defined benefit liabilities of the balance sheet.

The methods and assumptions used for sensitivity analysis in current period are the same as those used in previous periods.

2) Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company's defined contribution plan is allocated to the individual labor pension account at the Bureau of Labor Insurance, Ministry of Labor (the Bureau of Labor Insurance) at a contribution rate of 6% of the worker's monthly wages. There is no statutory or constructive obligation on the Company to pay any additional amount after the Company has made a fixed contribution to the Bureau of Labor Insurance under the such plan.

The pension expenses allocated by the Company under its defined pension contribution plan in 2020 and 2019 were NT$16,386 thousand and NT$16,495 thousand respectively (after deducting the ending payable expenses of NT$2,685 thousand and NT$2,766 thousand), which has been allocated to the Bureau of Labor Insurance.

n. Income tax

1) Income tax expenses (benefits)

The components of income tax expense (benefit) for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Current income tax expenses		
Incurred in the current period	$ 4,733	18,773
Adjustment of current income tax in the previous period	(485)	2,349
	4,248	21,122
Deferred income tax expenses		
Occurrence and reversal of temporary differences	(1,738)	9,423
Income tax expenses of continuing operations	$ 2,510	30,545

There is no income tax directly recognized as equity for 2020 and 2019 of the Company.
The details of the income tax benefits recognized under other comprehensive income of the Company in 2020 and 2019 are as follows:

	2020	2019
Actuarial gains (loss) from defined benefit plans	$ 1,340	873

The reconciliation of income tax benefit and profit before tax for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Net profit before tax	$ (62,909)	233,118
Income tax calculated according to the domestic tax rate at the place where the Company is located	(12,582)	46,624
Non-deductible expenses	16,699	(25,553)
Investment tax credit	-	(6,935)
Changes in temporary difference unrecognized	(1,293)	13,789
Overestimate/underestimate for previous period	(485)	2,349
Overestimate/underestimate of temporary differences	171	140
Surtax on unappropriated earnings	-	131
Total	$ 2,510	30,545

2) Deferred tax assets and liabilities

a) Unrecognized deferred tax assets

Items not recognized as deferred tax assets by the Company are as follows:

	2020.12.31	2019.12.31
Deductible temporary differences	$ 44,910	47,486
Tax incentives	31,358	31,144
	$ 76,268	78,630

As of December 31, 2020 and 2019, the Company estimated that some of the temporary differences were unlikely to be realized in the foreseeable future. Therefore, the Company did not recognize any deferred tax assets.

b) Deferred tax assets and liabilities recognized

Changes in deferred tax assets and liabilities for 2020 and 2019 are as follows:

	Defined benefit plan	Others	Total
Deferred tax liabilities:			
Balance as of January 1, 2020	$ -	582	582
Debit (credit) profit and loss	-	(566)	(566)
Balance as of December 31, 2020	$ -	16	16
Balance as of January 1, 2019	$ -	8,618	8,618
Debit (credit) profit and loss	-	(8,036)	(8,036)

Balance as of December 31, 2019	$ -	582	582

	Defined benefit plan	Others	Total
Deferred tax assets:			
Balance as of January 1, 2020	$ 3,365	31,170	34,535
(Debit) credit profit and loss	-	1,172	1,172
(Debit) credit other comprehensive income	1,340	-	1,340
Balance as of December 31, 2020	$ 4,705	32,342	37,047
Balance as of January 1, 2019	$ 2,492	48,629	51,121
(Debit) credit profit and loss	-	(17,459)	(17,459)
(Debit) credit other comprehensive income	873	-	873
Balance as of December 31, 2019	$ 3,365	31,170	34,535

c) Assessment of income tax

The Company's tax returns for 2018 were examined and approved by the Taiwan National Tax Administration, and the Company's tax returns for 2017 is still under examination.

o. Capital and other equity

Both the total authorized ordinary share capital of the Company as of December 31, 2020 and 2019 is NT$3,120,000 thousand for 312,000 thousand shares with a par value per share of NT$10. The number of ordinary shares outstanding was 273,552 thousand and 276,291 thousand, respectively, and share capital of shares outstanding has been collected.

Below is the reconciliation statement for the number of outstanding shares of the Company for 2020 and 2019:

(presented in thousands of shares)

	Ordinary shares	
	2020	2019
Beginning balance as of January 1	276,076	276,117
Repurchase the shares of the Company	(2,736)	(430)
New restricted employee shares	212	389
Ending balance as of December 31	273,552	276,076

1) Issuance of ordinary shares

In accordance with the new restricted employee share plan adopted by the shareholders' meeting on June 10, 2013, June 13, 2014, June 8, 2016 and June 13, 2017, the Company issued 913 thousand, 987 thousand, 1,019 thousand and 301 thousand ordinary shares at face values for aggregate amounts of NT$9,129 thousand, NT$9,874 thousand, NT$10,189 thousand and NT$3,010 thousand, respectively, by resolution of the board of directors on March 16, 2015, March 15, 2016, March 13, 2017 and March 12, 2018. Among them, 17 thousand, 21 thousand, 283 thousand, 47 thousand, 64 thousand, 311 thousand, 133 thousand, 301 thousand, 35 thousand, 301 thousand, 23 thousand and 3 thousand shares, due to employee turnover and performance ratings not up to standard, were canceled on August 10, 2015, November 10, 2015, March 17, 2016, August 10, 2016, November 8, 2016, March 17, 2017, August 10, 2017, March 17, 2018, August 10, 2018, March 17, 2019, December 31, 2019 and May 9, 2020, respectively, and their registration of change were completed on September 2, 2015, November 27, 2015, April 6, 2016, August 23, 2016, November 22, 2016, April 6, 2017, August 28, 2017, April 3, 2018, August 28, 2018, April 1, 2019, January 15, 2020 and May 26, 2020. Please refer to Note 6 (16) for details.

2) Capital surplus

Balance of the Company's capital surplus is as follows:

		2020.12.31	2019.12.31
Share premium	$	88,085	87,556
New restricted employee shares		-	1,431
Income from endowments received by the Company		717	717
Total	$	88,802	89,704

In accordance with the provisions of the Company Act, only after covering losses by capital surplus, the Company may distribute new shares or cash from realized capital surplus according to the proportion of the shareholders' original shares. The term "realized capital surplus" referred to in the preceding paragraph includes the income derived from the issuance of new shares at a premium and income from endowments received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Issuers, when capital surplus is capitalized, the combined amount capitalized in any 1 year may not exceed 10 percent of paid-in capital.

3) Retained earnings

In accordance with the Articles of Incorporation of the Company, any earnings after the Company's annual closing of the books, it shall be first used to pay all taxes and dues and cover accumulated losses, then 10 percent of the earnings shall be reserved as the legal reserve; provided that this restriction shall not apply to the circumstances that the legal reserve has reached the paid-in capital of the Company. Provision (reversal) for special reserve shall be made from the remaining earnings as required by the Company's operation or by law. If there is still a balance, the board of directors shall draw up an earnings distribution plan for the balance and the unappropriated earnings at the beginning of period, and submit it to the board of shareholders for a resolution on distribution.

The Company will, considering the Company's environment and growth stage, taking into account its future capital needs and long-term financial planning, satisfying the needs of shareholders for cash inflows, distribute shareholders' dividends in the form of both stock dividends and cash dividends, in which the proportion of cash dividends shall not be less than 10 percent of the total dividend of shareholders.

a) Legal reserve

If there is no loss, the Company may, by resolution of the shareholders' meeting, distribute new shares or cash from legal reserves, but only the portion of the reserve exceeding 25 percent of the paid-in capital shall be distributed.

b) Special reserve

Pursuant to Financial-Supervisory-Securities-Corporate-1010012865 issued on April 6, 2012, The Company shall allocate a special reserve of the same amount from the after-tax earnings for the current year and the unappropriated earnings in the previous period for the net deduction of shareholders' equity incurred for the current year. For the deduction of accumulated shareholders' equity for the preceding period, the special reserve of the same amount that should be allocated from the unappropriated earnings in the previous period shall not be distributed. In the event of a subsequent reversal of the amount of the reduction in shareholders' equity, the earnings may be distributed from such reversal. As of December 31, 2020 and 2019, the balance of the special reserve is NT$0.

c) Earning distribution

The Company's earnings distribution plans for the year 2019 and 2018 were resolved at the regular shareholders' meeting on June 10, 2020 and June 10, 2019 respectively. The payout ratio and amount of dividends distributed to owners are as follows:

	2019		2018	
	Payout ratio (NT$)	Amount	Payout ratio (NT$)	Amount
Dividends distributed to owners of ordinary shares:				
Cash	$ 0.60	165,773	0.40	110,473

The Company's earnings distribution plan for 2020 was resolved by the board of directors on March 11, 2021. The payout ratio and amount of dividends distributed to owners are as follows:

	2020	
	Payout ratio (NT$)	Amount
Dividends distributed to owners of ordinary shares:		
Cash	$ 0.30	82,065

4) Treasury shares

In 2020, the Company repurchased a total of 2,736 thousand treasury shares at the amount of 32,183 thousand as necessary to protect the Company's credit and shareholders' equity in accordance with Article 28-2 of the Securities and Exchange Act. Balance as of December 31, 2020, all the said treasury shares repurchased have been canceled.

The treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act, and no shareholders' right shall be enjoyed until they are transferred.

5) Other equity (net after tax)

	Exchange differences resulting from translating the financial statements of foreign operations	Unpaid employee remuneration	Total
Balance as of January 1, 2020	$ 7,586	(597)	6,989
Exchange differences resulting from translating the net assets of foreign operations	(2,238)	-	(2,238)
Unpaid employee remuneration	-	597	597
Balance as of December 31, 2020	$ 5,348	-	5,348
Balance as of January 1, 2019	$ 6,730	(8,792)	(2,062)
Exchange differences resulting from translating the net assets of foreign operations	856	-	856
Unpaid employee remuneration	-	8,195	8,195
Balance as of December 31, 2019	$ 7,586	(597)	6,989

p. Share-based payment

On June 11, 2018, the Company issued 800 thousand new restricted employee shares by the resolution of shareholders' meeting, which were granted to only full-time employees of the Company who meet certain conditions and have been filed for effective registration with the Securities and Futures Bureau, Financial Supervisory Commission, R.O.C.

On June 13, 2017, June 8, 2016, June 13, 2014, and June 10, 2013, respectively, the Company issued 1,300 thousand, 1,500 thousand, 1,000 thousand, and 2,500 thousand new restricted employee shares by the resolution of shareholders' meeting, which were granted to only full-time employees of the Company who meet certain conditions and have been filed for effective registration with the Securities and Futures Bureau, Financial Supervisory Commission, R.O.C. And on March 12, 2018, March 13, 2017, March 15, 2016 and March 16, 2015, respectively, the Company issued 301 thousand, 1,019 thousand, 987 thousand and 913 thousand shares by resolutions of the board of directors.

Employees who are allotted the aforesaid new restricted employee shares may obtain 30%, 30% and 40% of the allotted shares under vesting conditions respectively if they have been in service for the first, second and third years after the date of allotment of shares and have met the performance criteria required by the Company.

After subscribing for the new shares, employees shall not sell, pledge, transfer, grant, or otherwise dispose of the new shares, nor shall they enjoy the allotment rights on dividends and reserves, nor the stock options to increase cash capital until the vesting conditions are met. From 15 business days prior to the book closure date of bonus shares and the book closure date of cash dividends to the base date of right distribution, the employees who have reached the vesting conditions during this period still do not be entitled to the right of earnings distribution on their shares which have been removed from the restriction.

Upon allotment of the new shares, employees shall, until the vesting conditions are met, deliver the shares in full to the trust institution designated by the Company for custody. During the trust custody period, the voting rights of the shareholders' meeting of the shares shall be exercised by the trust custody institution in accordance with the relevant laws and regulations. If any employee fails to meet the vesting conditions after being allotted the new shares, the Company will recover the shares without compensation and perform the cancellation of the shares according to law.

Relevant information on new restricted employee shares of the Company is as follows:

	2020	2019
Number of shares outstanding as of January 1 (thousand shares)	215	928
Current vesting amount (thousand shares)	(212)	(389)
Current lost amount (thousand shares)	(3)	(324)
Number of shares outstanding as of December 31 (thousand shares)	-	215

1) Measurement parameters of fair value on the grant date

The Company adopts the BlackScholes option pricing model to estimate the fair value of share-based payment at the grant date. The input value of this model is as follows:-

	New restricted employee shares			
	Second grant	Third grant	Fourth grant	Fifth grant
Grant date	2015.3.16	2016.3.15	2017.3.13	2018.3.12
Fair value on the grant date	$ 17.05	17.40	16.65	13.35
Share price on the grant date	17.05	17.40	16.65	13.35
Strike price	-	-	-	-
Expected volatility (%)	24.089%~26.433%	30.490%~32.957%	27.786%~31.762%	26.333%~35.314%
Duration (years)	3	3	3	3
Expected rate of dividend (%)	3.52%	5.17%	5.41%	3.00%
Risk-free interest rate (%)	1.345%~1.395%	1.230%~1.305%	1.065%~1.115%	1.065%~1.115%

The Company's expected volatility is based on historical volatility. The duration is governed by the Company's issuance rules. The expected dividends are calculated based on cash dividends distributed by the Company in 2017, 2016, 2015 and 2014, respectively. The risk-free interest rate refers to the interest rate for one to three-year fixed deposits of the Bank of Taiwan. The determination of fair value does not take into account the services and non-market performance conditions included in the transaction.

2) Employee expenses and liabilities

The expenses and liabilities incurred from share-based payments by the Company for 2020 and 2019 are as follows:

	2020	2019
Expenses incurred by new restricted employee shares	$ 544	3,840

q. Earnings per share

1) Basic earnings per share

The basic earnings per share of the Company for 2020 and 2019 are calculated on the basis of the net profit attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding as follows:

a) Net profit attributable to the ordinary equity holders of the Company

	2020	2019
Net profit attributable to the ordinary equity holders of the Company	$ (65,419)	202,573

b) Weighted average number of ordinary shares outstanding

	2020	2019
Ordinary shares outstanding as of January 1	276,076	276,117
Impact of new restricted employee shares	169	310
Impact of treasury shares	(1,696)	(345)
Weighted average number of ordinary shares outstanding as of December 31	274,549	276,082

2) Diluted earnings per share

The basic earnings per share of the Company for 2019 is calculated on the basis of the net profit attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding after adjusting for the dilution effect of all potential ordinary shares as follows:

a) Net profit attributable to the ordinary equity holders of the Company (diluted)

	2019
Net profit attributable to the ordinary equity holders of the Company (diluted)	$ 202,573

b) Weighted average number of ordinary shares outstanding (diluted)

	2019
Weighted average number of ordinary shares outstanding (basic)	276,082
Impact of employee stock remuneration	3,250
New restricted employee shares not acquired	268
Balance as of December 31 - weighted average number of ordinary shares outstanding (diluted)	279,600

Since it is a net loss for 2020 for the Company, there is no dilution effect. Therefore, the disclosure of diluted earnings per share (loss) is not required.

r. Revenue from contracts with customers

1) Disaggregation of income

	2020	2019
Primary geographical markets:		
USA	$ 79,372	116,746
Europe	151,473	223,349
Taiwan	61,541	58,015
Mainland China	109,760	178,019
Japan	316,569	411,094
Germany	117,567	52,886
Other countries	130,101	137,431
	$ 966,383	1,177,540
Major products:		
Computer peripherals	$ 958,932	1,164,564
Rendering of services	7,451	12,976
	$ 966,383	1,177,540

2) Contract balance

	2020.12.31	2019.12.31	2019.1.1
Trade receivables	$ 216,261	347,695	443,124
Less: allowance for losses	(3,820)	(2,020)	(938)
Total	$ 212,441	345,675	442,186
Contract liabilities	$ 32,101	31,576	32,886

Please refer to Note 6 (3) for details of disclosure of trade receivables and their impairment.

The beginning balance of contract liabilities as of January 1, 2020 and 2019 was recognized as income of NT$9,853 thousand and NT$13,058 thousand in 2020 and 2019, respectively.

s. Employees’ and directors’ compensation

In accordance with the Articles of Incorporation of the Company, if the Company has gained profits within a fiscal year, at least 1 percent of the profits shall be allocated as the employees' compensation, and less than 0.5 percent as the director's remuneration. However, in case of the accumulated losses, certain profits shall first be reserved to cover them. Profits refer to pre-tax benefits before deducting remuneration to employees and directors. The remuneration to employees referred to in the preceding paragraph may be distributed by shares or cash to employees of subsidiaries.

The Company's remuneration for employees in 2019 is accrued at NT$38,000 thousand, and the compensation for directors is accrued at NT$1,000 thousand, which are based on the amount of the Company's net pre-tax income before deducting the remuneration to employees and directors for each period multiplied by the distribution percentage of remuneration to employees and directors as stipulated in the Articles of Incorporation, and presented as operating costs or operating expenses for the period. It is a pre-tax loss for 2020, thus no provision has been made for the expenses related to the remuneration to employees and directors.

There is no difference between the actual distribution of remuneration to employees, directors and supervisors in 2019 and the provision amount in the Company's Parent Company Only Financial Statements for 2019. The relevant information is available at the Market Observation Post System.

t. Non-operating income and expenses

1) Interest income

The interest income of the Company in 2020 and 2019 is as follows:

	2020	2019
Interest income		
Financial assets measured at fair value through profit or loss	$ 42,926	64,390
Interest on bank deposits	560	3,044
Others	10	10
Total interest income	$ 43,496	67,444

2) Other income

Other income of the Company in 2020 and 2019 is as follows:

	2020	2019
Rental income	$ 16,565	18,674
Dividend income	64,030	51,679
	$ 80,595	70,353

3) Other gains and losses

Other gains and losses of the Company in 2020 and 2019 are as follows:

	2020	2019
Disposal and retirement of property, plant and equipment loss	$ -	(122)
Foreign exchange losses	(24,090)	(7,118)
Net profit (loss) of financial assets (liabilities) measured at fair value through profit or loss	(134,054)	90,432
Others	4,513	3,812
	$ (153,631)	87,004

4) Financial cost

The financial cost of the Company in 2020 and 2019 are as follows:

	2020	2019
Interest expenses	$ 7,627	7,092

u. Financial instruments

1) Credit risk

a) Exposure to credit risk

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

b) Concentration of credit risk

The Company's credit risk exposure is mainly affected by the individual circumstance of each customer. However, management also takes into account the statistics of the Company's customer base, including the default risk of the customer's industry and country, as these factors may affect credit risk. As of December 31, 2020 and 2019, 49.01% and 55.21% of the net trade receivables of the Company are trade receivables from related parties, as a result, there is a significant concentration of credit risk in the Company. In order to reduce the credit risk of trade receivables, the Company continuously assesses the financial position of its customers and periodically evaluates the possibility of collection of trade receivables. To date, the Company is in good condition for cash receipt and does not expect to incur any loss on bad debts.

c) Credit risks in receivables and debt securities

Please refer to Note 6 (3) for information on the credit risk exposure of trade receivables. Other financial assets measured at amortized cost include other receivables and certificates of deposit. Please refer to Note 6 (4) for relevant information and provision for impairment allowance.

The foregoing items are financial assets with low credit risk, so the allowance for losses for the period are measured by the amount of the expected 12-month credit losses (Please refer to Note 4 (6) for instructions on how the Company determines the low credit risk). Time deposits held by the Company are traded with and performed by financial institutions of investment grade or above, and therefore are deemed to have low credit risk.

2) Liquidity risk

The table below shows the expiration dates of contract on financial liabilities, including the estimated interest but excluding the impact of netting agreement:

	Carrying amount	Contract cash flow	Within 6 months	6-12 months-	12 years-	25 years-	More than 5 years
December 31, 2020							
Non-derivative financial liabilities							
Secured bank borrowings	$ 492,500	493,781	493,781	-	-	-	-
Unsecured bank borrowings	357,500	357,996	357,996	-	-	-	-
Trade payables	48,359	48,359	48,359	-	-	-	-
Other payables	130,017	130,017	130,017	-	-	-	-
Lease liabilities	13,007	13,222	3,222	2,993	3,686	3,321	-
	$ 1,041,383	1,043,375	1,033,375	2,993	3,686	3,321	-

December 31, 2019							
Non-derivative financial liabilities							
Secured bank borrowings	$ 388,750	389,263	389,263	-	-	-	-
Unsecured bank borrowings	266,250	266,728	266,728	-	-	-	-
Trade payables	71,052	71,052	71,052	-	-	-	-
Other payables	148,413	148,413	148,413	-	-	-	-
Lease liabilities	19,238	19,668	3,223	3,223	6,215	7,007	-
Derivative financial liabilities							
Swap contracts for non-hedging purposes:							
Inflow	-	(30,012)	(30,012)	-	-	-	-
Outflow	338	30,350	30,350	-	-	-	-
	$ 894,041	895,462	879,017	3,223	6,215	7,007	-

The Company does not expect that the cash flow for the due date analysis will occur significantly earlier or that the actual amount may vary significantly.

3) Exchange rate risk

a) Exposure to exchange rate risk

The Company's financial assets and liabilities that are exposed to material foreign exchange risk are as follows:

	2020.12.31		
	Foreign currency (thousand dollars)	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 37,946.68	USD:NTD 28.1100	1,066,681
RMB	101,299.54	RMB:NTD 4.3200	437,614
ZAR	34,354.50	ZAR:NTD 1.9200	65,961
INR	111,197.58	INR:NTD 0.3847	42,778
Non-monetary items			
USD	1,208.57	USD:NTD 28.1100	33,972
Financial liabilities			
Monetary items			
USD	106.33	USD:NTD 28.1100	2,989
Non-monetary items			
RMB	2,143.06	RMB:NTD 4.3200	9,258

	2019.12.31		
	Foreign currency (thousand dollars)	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 47,207.33	USD:NTD 29.9850	1,415,512
RMB	85,535.90	RMB:NTD 4.3050	368,232
ZAR	44,377.22	ZAR:NTD 2.1300	94,523
INR	463,311.50	INR:NTD 0.4206	194,869
IDR	14,000,000.00	IDR:NTD 0.0022	30,800
Non-monetary items			
USD	1,206.50	USD:NTD 29.9850	36,177
Financial liabilities			
Monetary items			
USD	334.63	USD:NTD 29.9850	10,034
Non-monetary items			
RMB	6,790.22	RMB:NTD 4.3050	29,232

b) Sensitivity analysis

The exchange rate risk of the Company's monetary items mainly derives from the foreign currency exchange gains and losses generated at the time of translation of foreign-currency-denominated cash and cash equivalents, trade receivables and other receivables, financial assets measured at fair value through profit or loss, trade payables and other payables etc. As of December 31, 2020 and 2019, when the functional currency depreciates or appreciates by 0.5% relative to the non-functional currency, with all other factors remain unchanged, the net profit after tax as of December 31, 2020 and 2019 will increase by NT$6,443 thousand and NT$8,376 thousand respectively.

Due to the wide variety of functional currencies adopted, the Company discloses the exchange gains and losses of monetary items in a consolidated manner. The gains and losses (realized and unrealized) on foreign currency exchange in 2020 and 2019 were a loss of NT$24,090 thousand and a loss of NT$7,118 thousand respectively.

4) Interest rate analysis

The interest rate exposure of the Company's financial assets and financial liabilities is described in the liquidity risk management section of this Note.

The following sensitivity analysis is based on the interest rate exposure of both derivative and non-derivative instruments as at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding on the reporting date is outstanding for the entire year. The rate of change used internally to report interest rates to key management is a 1% increase or decrease in interest rates, which also represents the management's assessment of the reasonable range of possible changes in interest rates.

If the interest rate increases or decreases by 1%, with all other variables remain unchanged, the net profit of the Company in 2020 and 2019 will decrease or increase by $6,800 and $5,240, mainly resulting from the Company's borrowings at variable interest rates.

5) Fair value information

a) Type of financial instruments and fair value

The financial assets and liabilities measured at fair value through profit or loss of the Company are measured at fair value on a repeatability basis. Except as described below, the carrying amount of all financial instruments of the Company is a reasonable approximation of the fair value and the disclosures of fair value are not required.

	2020.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Derivative financial assets	$ 27,547	27,547	-	-	27,547
Non-derivative financial assets mandatorily measured at fair value through profit or loss	3,494,414	3,494,414	-	-	3,494,414
Subtotal	3,521,961	3,521,961	-	-	3,521,961
Financial assets measured at amortized cost					
Cash and cash equivalents	207,967	-	-	-	-
Trade receivable and other receivables	313,941	-	-	-	-
Other financial assets	3,596	-	-	-	-
Subtotal	525,504	-	-	-	-
Total	$ 4,047,465	3,521,961	-	-	3,521,961
Financial assets at amortized cost					
Short-term borrowings	$ 850,000	-	-	-	-
Trade payables	48,359	-	-	-	-
Other payables	130,017	-	-	-	-
Lease liabilities	13,007	-	-	-	-
Total	$ 1,041,383	-	-	-	-

	2019.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Derivative financial assets	$ 73,696	73,696	-	-	73,696
Non-derivative financial assets mandatorily measured at fair value through profit or loss	3,503,184	3,503,184	-	-	3,503,184
Subtotal	3,576,880	3,576,880	-	-	3,576,880
Financial assets measured at amortized cost					
Cash and cash equivalents	150,888	-	-	-	-
Trade receivable and other receivables	427,175	-	-	-	-
Other financial assets	4,096	-	-	-	-
Subtotal	582,159	-	-	-	-
Total	$ 4,159,039	3,576,880	-	-	3,576,880
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 338	-	338	-	338
Financial liabilities at amortized cost					
Short-term borrowings	655,000	-	-	-	-
Trade payables	71,052	-	-	-	-
Other payables	148,413	-	-	-	-
Lease liabilities	19,238	-	-	-	-
Subtotal	893,703	-	-	-	-
Total	$ 894,041	-	338	-	338

b) Each fair value hierarchy is defined as follows:

i. Level 1: The publicly quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii. Level 2: The input parameters other than publicly quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. price) or indirectly (and derived from price).

iii. Level 3:The inputs for assets or liabilities that are not based on observable market prices and counterparty quoted prices (non-observable parameters).

c) Valuation technique of fair value of financial instruments measured at fair value

The Company presents the fair value of financial assets and financial liabilities by class and attribute as follows:

i. Redeemable corporate bonds and open-end funds listed (OTC) are financial assets that are subject to standard terms and conditions and are traded in an active market, and their fair value is based on the publicly quoted prices in active markets.

ii. Forward contracts and exchange rates for derivative financial instruments are usually valued according to valuation models accepted widely by market users at current forward exchange rates. The fair value for structured derivative instruments is calculated by the cash flow discount analysis using the yield curve applied to the duration of derivative commodities.

d) Transfer between Level 1 and Level 2

There is no transfer in 2020 and 2019.

e) Changes in Level 3

The movement in the reconciliation of Level 3 fair values for 2019 was as follows:

	Financial assets measured at fair value through profit or loss
Balance as of January 1, 2019	$ 66,860
Total profit or loss	(360)
Purchase	66,600
Disposal/Liquidation	(133,100)
Balance as of December 31, 2019	$ -

The above total profit or loss are presented as other gains and losses. There is no asset still held as of December 31, 2020 and 2019.

v. Concentration of financial risk

1) Summary

The Company is exposed to the following risks as a result of the use of financial instruments:

a) Credit risk

b) Liquidity risk

c) Market risk

This Note presents the information on the Company's exposure to the above risks and the Company's objectives, policies and procedures for measuring and managing risk. Please refer to relevant notes to the Parent Company Only Financial Statements for details of further quantitative disclosure.

2) Risk management framework

The board of directors shall fully take the responsibilities for establishment and supervision of the risk management framework of the Company.

The risk management policy of the Company is established to identify and analyze risks encountered by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and procedures to enable all employees to understand their roles and obligations.

The audit committee of the Company supervises the compliance of the Company's risk management policies and procedures, and review the appropriateness of the Company's relevant management framework for the risks encountered. The internal auditors assist the audit committee of the Company in its supervisory role by conducting periodic and exceptional reviews on risk management controls and procedures and reporting the review results to the audit committee.

3) Credit risk

Credit risk refers to the risk of the Company's financial loss arising from the failure of a customer or a counterparty to a financial instrument to fulfill its contractual obligations, which is mainly derived from the Company's trade receivables from customers, bank deposits and securities investments.

a) Trade receivables and other receivables

The Company has developed a credit policy for a wide range of customers, under which the Company shall analyze the credit rating of each new customer on an individual basis. To reduce credit risk, the Company regularly and continuously evaluates the financial position of its customers, but does not normally require customers to provide collateral.

b) Investments

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by our management and finance department. Since the parties which the Company trades with and the investments performed by are all banks of good credit and financial institutions and corporate organizations with investment grade or above, there is no significant doubts on performance, thus there is no material credit risk.

4) Liquidity risk

Liquidity risk refers to the risk that the Company is unable to deliver cash or other financial assets to pay off its financial liabilities and fail to meet its obligations. The Company manages its liquidity in such a way as to ensure, to the extent possible, that the Company has adequate liquidity under normal and stressful circumstances to meet its liabilities when they come due without the risk of unacceptable loss or damage to the Company's reputation.

5) Market risks

Market risk refers to the risk that the Company's earnings or the value of financial instruments held by the Company may be affected by changes in market prices, such as changes in exchange rates, interest rates, or prices of equity instruments. Market risk management aims to control the exposure of market risk to a tolerable extent and to maximize the return on investment.

The Company engages in derivatives transaction to manage market risk. All transactions are conducted in accordance with the Company's Derivative Commodity Handling Procedures.

a) Exchange rate risk

The Company is exposed to exchange rate risks arising from sales, procurements and borrowing transactions that are not denominated in the functional currencies of each of the Group's enterprises. The functional currencies of the Group's enterprises are mainly New Taiwan dollar, as well as US dollar, RMB and Japanese yen, while the main currencies used for transactions are New Taiwan dollar, Euro, US dollar, British pound and Japanese yen.

In addition to the natural hedging by trade receivables and trade payables, the Company also adopts one-year forward foreign exchange contracts or other financial instruments to hedge foreign exchange risks.

b) Interest rate risk

The Company's investments in financial bonds and borrowings may affect interest income, expenses or fair value as market interest rates change, but slightly affect the working capital of the Company.

c) Other market price risks

The Company is exposed to equity prices risk derived from listed (OTC) equity securities investments. The equity investments are not held for trade but are strategic investments. The Company does not actively trade such investments, and the Company's management personnel manage risk by holding different risk investment portfolios. The Company's equity price risk is mainly concentrated in equity instruments issued by financial enterprises on the Taiwan Stock Exchange. In addition, the Company assigns a specific team to monitor price risk and to assess when to increase the hedging position of the risk to be avoided.

w. Capital management

The capital management the Company aims to ensure the ability as a going concern, so as to provide shareholder returns and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, reduce capital to refund shareholders, issue new shares or sell assets to pay off liabilities.

In line with its peers, the Company manages capital on the basis of its debt-to-capital ratio, which is calculated by dividing net liabilities by total capital. Net liabilities are the total liabilities presented in the balance sheet minus cash and cash equivalents. Total capital is the total component of equity (i.e., share capital, capital surplus, retained earnings, treasury shares and other equity).

	2020.12.31	2019.12.31
Total liabilities	$ 1,117,286	985,990
Less: cash and cash equivalent	(207,967)	(150,888)
Net liabilities	$ 909,319	835,102
Total equity	$ 3,964,347	4,234,774
Debt-to-capital ratio	22.94%	19.72%

As of December 31, 2020, the Company's approach to capital management remained unchanged.

x. Investing and financing activities not affecting current cash flow

The Company's investment activities in 2020 and 2019 are not involved in non-cash transactions. Financing activities involved in non-cash transactions refer to acquisition of right-of-use assets by lease. Please refer to Note 6 (8) for details.

The Company’s financing activities that did not affect the current cash flow for the years ended December 31, 2020 and 2019 were as follows:

	2020.1.1	Cash flow	Non-cash changes	2020.12.31
Lease liabilities	$ 19,238	(6,231)	-	13,007
Total liabilities generated from the financing activities	$ 19,238	(6,231)	-	13,007

	2019.1.1	Cash flow	Non-cash changes	2019.12.31
Lease liabilities	$ 19,772	(6,185)	5,651	19,238
Total liabilities generated from the financing activities	$ 19,772	(6,185)	5,651	19,238

7. Related-Party Transactions

a. Name and relationship of related parties

Subsidiaries of the Company and other related parties involved in transactions with the Company during the period covered by the Parent Company Only Financial Statements are as follows:

Name of related parties	Relationship with the Company
Infortrend Corporation	Subsidiary of the Company
Infortrend Europe Limited	Subsidiary of the Company
Infortrend Japan Inc.	Subsidiary of the Company
Prophet Technology Inc.	Subsidiary of the Company
Infortrend Limited	Subsidiary of the Company
Surveon Technology Inc.	Sub-subsidiary of the Company
Infortrend Shanghai Limited	Sub-subsidiary of the Company

b. Significant transactions with related parties

1) Operating income

The amount of significant sales transactions between the Company and related parties were as follows:

	2020	2019
Subsidiary		
Infortrend Shanghai Limited	$ 109,149	176,655
Other subsidiaries	176,732	212,138
	$ 285,881	388,793

The price at which the Company sells to its related parties is about 10 ~ 20 % lower than the usual price, and the payment shall be made in three months. The unrealized gross margin on sales to related parties in 2020 and 2019 is NT$13,893 thousand and NT$27,166 thousand, respectively.

2) Receivables from related parties

The details of the Company's trade receivables from related parties are as follows:

Accounting items	Types of related parties	2020.12.31	2019.12.31
Trade receivables	Subsidiary		
	Infortrend Corporation	$ 4,334	48,656
	Infortrend Shanghai Limited	73,147	118,006
	Other subsidiaries	26,627	24,201
Other receivables	Subsidiary	6,304	6,954
		$ 110,412	197,817

3) Trade payables to related parties

The details of the Company's trade payables to related parties are as follows:

Accounting items	Types of related parties	2020.12.31	2019.12.31
Other payables	Subsidiary	$ 339	3,628

4) Contract liabilities

Types of related parties	2020.12.31	2019.12.31
Subsidiary		
Infortrend Corporation	$ 6,212	5,463
Infortrend Europe Limited	11,034	10,504
Infortrend Japan Inc.	7,127	7,294
Other subsidiaries	1,212	1,364
	$ 25,585	24,625

5) Rental income

Types of related parties	2020	2019
Subsidiary		
Infortrend Corporation	$ 15,703	17,666

6) Other income

Types of related parties	2020	2019
Subsidiary		
Infortrend Corporation	$ 2,404	227
Other subsidiaries	315	228
	$ 2,719	455

7) Service fee

Types of related parties	2020	2019
Subsidiary		
Infortrend Europe Limited	$ 4,014	19,737

c. Transactions of main management personnel

Remuneration of main management personnel includes:

	2020	2019
Short-term employee benefits	$ 16,052	16,658
Post-employment benefits	3,192	3,598
	$ 19,244	20,256

8. Pledged Assets

The book value of the assets pledged as guarantee by the Company is as follows:

Pledged assets	Object of pledge guarantee	2020.12.31	2019.12.31
Financial assets measured at fair value through profit or loss - current-	Short-term borrowings and financing amount	$ 1,292,051	1,006,591
Other financial assets - non-current	Guarantee for customs duties	2,500	2,500
Other financial assets - non-current	Guarantee for national defense service and deposit for housing and parking space	1,096	1,596
		$ 1,295,647	1,010,687

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

a. Significant unrecognized contractual commitments:

1) The refundable deposit notes issued by the Company for the loan limit are as follows:

	2020.12.31	2019.12.31
NTD	$ 800,000	700,000
USD	-	14,993

10. Losses due to Major Disasters: None.

11. Significant Events after the End of the Financial Reporting Period: None.

12. Others

a. The summary of employee benefits, depreciation, depletion and amortization expenses by function is as follows:

Function / Nature	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	102,389	278,417	380,806	105,097	304,990	410,087
Labor and health insurance expenses	9,858	19,139	28,997	10,104	19,405	29,509
Pension expenses	4,903	12,028	16,931	5,025	12,152	17,177
Director's remuneration	-	1,122	1,122	-	2,120	2,120
Other employee benefits expenses	5,376	7,804	13,180	5,649	8,067	13,716
Depreciation expenses	9,995	15,673	25,668	10,058	16,660	26,718
Amortization expenses	-	787	787	-	1,334	1,334

Additional information on the number of employees and employee benefits expenses of the Company in 2020 and 2019 is as follows:

	2020	2019
Numbers of employees	443	457
The number of directors who do not serve concurrently as employees	3	3
Average employee benefits expenses	$ 1,000	1,036
Average employee salary expenses	$ 865	903
Adjustment on the average employee salary expenses (Note 1)	(4.21)%	
Supervisor's remuneration (Note 2)	$ -	-

Note 1: The Company adjusts salary in January every year based on individual performance. In 2020, the salary was adjusted from 0% to 15%, with an average salary adjustment range of about 2.8%. Compared with the previous period, the average employee salary expense adjustment decreased by 4.21% in this period, which should be caused by multi factors such as employee structure, individual performance appraisal and company operating status.

Note 2: The Company has established an Audit Committee to replace the Supervisor.

The Company's remuneration policy (including remuneration to directors, managers and employees) is as follows:

1) Employee

The employee's monthly salary is determined according to his/her job category, education and experience, professional years of experience, professional knowledge and technology, and additional bonus and remuneration will be given according to the Company's annual operating status and personal performance, and the annual salary adjustment range will be determined on such basis.

2) Manager

The remuneration is paid in accordance with the Company's "Management Measures on Manager Remuneration and Performance Appraisal," the salary level of the position in the industry market and the contribution of the position to the Company's operational objectives. The reasonableness of relevant performance appraisal and remuneration has been reviewed by the Remuneration Committee and submitted to the board of directors for approval, and the remuneration system will be timely reviewed in light of the actual operating conditions and relevant laws and regulations.

3) Director

In accordance with Article 21 of the Articles of Incorporation of the Company, the remuneration to directors for the current year shall not more than 0.5% of the annual profit, and shall be reasonably distributed taking into account the number of board meetings attended and their contribution to the Company's performance. The remuneration to independent directors shall be determined by reference to the market situation of the same industry and their contribution to the Company's operation, which shall be reviewed by the Remuneration Committee and submitted to the board of directors for approval in advance.

b. Influences of COVID-19:

The COVID-19 outbreak in early 2020 has affected the sales of the Company's subsidiary in Mainland China, Infortrend Shanghai Limited and its subsidiary in the USA, Infortrend Corporation, including order reduction and delayed delivery, but does not affect their going concern assumption as their revenue have gradually recovered and they will receive full support from the parent company. The Company will continue to closely monitor the development of events for immediate assessment, and take relevant measures to prevent the epidemic.

13. Supplementary Disclosures

a. Information on significant transactions

In accordance with the "Regulations Governing the Preparation of Financial statements by Securities Issuers," the Company shall disclose the following information concerning significant transactions in 2020:

1) Financings provided: None.

2) Guarantee and endorsement provided: None.

3) Marketable securities held at the end of period (excluding investments in subsidiaries, associates, and joint ventures):

Unit: NT$ Thousands

Holding company	Type and name of securities	Relationship with the issuer of securities	Accounting subject	End of the period Number of shares	Carrying amount	Shareholding ratio	Fair value	Remarks
Infortrend Technology Inc.	SoftBank Perpetual Bonds	-	Derivatives measured at fair value through profit or loss - non-current-	-	27,547	- %	27,547	
"	Mega Diamond Money Market Fund	-	Debt instruments measured at fair value through profit or loss - current-	146,600.77	1,854	- %	1,854	
"	UPAMC James Bond Money Market Fund	-	"	3,632,174.68	61,169	- %	61,169	
"	Jih Sun Money Market Fund	-	"	1,681,491.00	25,138	- %	25,138	
"	Cathay High Income Fund of Funds	-	"	726,172.90	9,663	- %	9,663	
"	Manulife China Offshore Bond Fund	-	"	910,050.60	10,073	- %	10,073	
"	Prudential Financial India Opportunity Bond Fund	-	"	3,304,668.11	34,670	- %	34,670	
Infortrend Technology Inc.	Nomura Global Financial Bond Fund Dis - USD-	-	Debt instruments measured at fair value through profit or loss - current-	98,734.45	32,745	- %	32,745	
"	Nomura Global Financial Bond Fund Dis - RMB-	-	"	938,812.31	48,499	- %	48,499	
"	Allianz US Low Average Duration High Yield Fund - RMB-	-	"	1,047,955.40	49,308	- %	49,308	
"	Allianz US Low Average Duration High Yield Fund - USD-	-	"	187,778.80	57,087	- %	57,087	
"	Allianz Global Investors Fund - USD-	-	"	116,492.78	35,595	- %	35,595	
"	Cathay Senior Secured High Yield Bond Fund - USD-	-	"	3,576,003.00	36,107	- %	36,107	
"	Cathay Asian High Yield Bond Fund - USD-	-	"	199,616.48	57,499	- %	57,499	
"	Cathay High Income Fund of Funds - USD-	-	"	5,481,297.40	70,984	- %	70,984	
"	Manulife China Offshore Bond Fund - RMB-	-	"	5,100,874.49	63,560	- %	63,560	
"	Fuh Hwa South Africa Short-Term Income ZAR Fund-	-	"	275,377.20	8,729	- %	8,729	
"	Fuh Hwa Emerging Market RMB Fixed Inc - RMB-	-	"	692,133.90	38,960	- %	38,960	
"	Prudential Financial India Opportunity Bond Fund - USD-	-	"	107,350.63	34,336	- %	34,336	
"	Jih Sun Asian High Yield Bond Fund - RMB-	-	"	6,513,424.42	73,896	- %	73,896	
"	European Investment Bank ZAR Bonds	-	"	-	57,120	- %	57,120	
"	Asian Development Bank INR Bonds	-	"	-	42,781	- %	42,781	
"	SoftBank USD Bonds	-	"	-	59,271	- %	59,271	

"	BMW RMB Bonds	-	"	-	21,730	- %	21,730	
"	Swiss Bank USD Bonds	-	"	-	93,212	- %	93,212	
"	Barclays Bank USD Bonds	-	"	-	62,241	- %	62,241	
"	Fortis Insurance USD Bonds	-	"	-	43,888	- %	43,888	
"	Westpac Bank RMB Bonds	-	"	-	39,881	- %	39,881	
"	CICC USD Bonds	-	"	-	11,229	- %	11,229	
"	Hitachi Capital Corp Subsidiary RMB Bonds	-	"	-	25,943	- %	25,943	
"	RBS USD Bonds	-	"	-	32,032	- %	32,032	
"	RBS USD Bonds	-	"	-	30,861	- %	30,861	
"	Industrial and Commercial Bank of China Singapore Branch RMB Bonds	-	"	-	47,885	- %	47,885	
"	CDB Leasing USD Bonds	-	"	-	43,349	- %	43,349	
"	Standard Charter Group USD Bonds	-	"	-	44,217	- %	44,217	
"	Agricultural Development Bank of China RMB Bonds	-	"	-	4,327	- %	4,327	
"	Class A Preferred Shares issued by Fubon Financial Holding	-	Equity instruments measured at fair value through profit or loss - current-	4,629,000.00	288,387	- %	288,387	Note
"	Class B Preferred Shares issued by Fubon Financial Holding	-	"	2,576,000.00	161,000	- %	161,000	
Infortrend Technology Inc.	Class A Preferred Shares issued by Cathay Financial Holdings	-	Equity instruments measured at fair value through profit or loss - current-	4,059,000.00	250,846	- %	250,846	Note
"	Class E Registered Preferred Shares issued by Taishin Holdings	-	"	7,729,000.00	406,546	- %	406,546	Note
"	Class A Preferred Shares issued by Union Bank	-	"	8,293,000.00	429,577	- %	429,577	Note
"	Class A Preferred Shares issued by WPG Holdings	-	"	3,845,000.00	192,635	- %	192,635	
"	Class A Preferred Shares issued by Shin Kong Financial Holding	-	"	5,468,000.00	239,225	- %	239,225	Note
"	Class B Preferred Shares issued by Shin Kong Financial Holding	-	"	1,535,000.00	65,007	- %	65,007	
	Non-cumulative Convertible Class A Preferred Shares issued by O-Bank	-	"	3,907,000.00	39,656	- %	39,656	
"	Ordinary shares of Inventec Corporation	-	"	270,000.00	6,480	- %	6,480	
"	Ordinary shares of Cathay Financial Holdings Co., Ltd.	-	"	123,465.00	5,216	- %	5,216	

Note: Please refer to Note 6 (2) for details about stock pledge.

4) Accumulated buying/selling of the same marketable securities amounting at least NT$300 million or 20% of paid-in capital: None.

5) Acquisition of real estate amounting at least NT$300 million or 20% of paid-in capital:

None.

6) Disposition of real estate amounting at least NT$300 million or 20% of paid-in capital: None.

7) Total purchases from or sales to related parties that amount at least NT$100 million or 20% of paid-in capital:

Unit: NT$ Thousands

A company purchases (sales) goods	Name of the counterparty	Relationship	Transaction details				Details of and reasons why the terms of the transaction are different from a general transaction		Notes/trade receivables (payables)		Remarks
			Purchase (sale) of goods	Amount	As a proportion of total goods purchased (sold)	Credit period	Unit price (Note 1)	Credit period (Note 2)	Balance	As a proportion of notes/trade receivables (payables)	
Infortrend Technology Inc.	Infortrend Shanghai Limited	Sub-subsidiary 100% invested by the Company	Sales of goods	(109,149)	(11.29)%	3 months	-	-	73,147	34.43%	
Infortrend Shanghai Limited	Infortrend Technology Inc.	Ultimate Parent Company of the Company	Purchase of goods	109,149	88.05%	"	-	-	(73,147)	(96.38)%	

Note 1: 10~20 % lower than the general trading price.

Note 2: 1~1.5 months more than the general conditions of credit.

8) Trade receivable from related parties that amount at least NT$100 million or 20% of paid-in capital: None.

9) Trading in derivative instruments: Notes 6 (2) and 6 (21)

b. Information on investments in other companies:

The information on investments in other companies in 2020 is as follows (excluding the investee companies in the Mainland China):

Unit: NT$ Thousands

Name of investment company	Name of investee	Region	Principal business	Original investment amount (Note 1)		Shareholding at the end of the period			Current profit or loss of investee	Investment profit or loss recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
Infortrend Technology Inc.	Infortrend Corporation	USA	Transaction of computer peripherals	65,628	65,628	153,824	100.00%	18,493	6,678	6,597	Subsidiary
Infortrend Technology Inc.	Infortrend Europe Limited	United Kingdom	Transaction of computer peripherals	89,174	89,174	2,200,000	100.00%	15,479	(8,929)	(8,929)	"
Infortrend Technology Inc.	Infortrend Japan Inc.	Japan	Transaction of computer peripherals	930	930	60	100.00%	(577)	(1,346)	(1,346)	"
Infortrend Technology Inc.	Prophet Technology Inc.	Taiwan	Transaction of computer peripherals	15,000	15,000	1,500,000	100.00%	16,103	569	569	"
Infortrend Technology Inc.	Infortrend Limited	Mauritius	Investment	120,270	120,270	-	100.00%	(9,258)	10,141	10,141	"
Infortrend Europe Limited	Infortrend Deutschland GmbH	Germany	Transaction of computer peripherals	1,015	1,015	-	100.00%	4,089	143	143	Subsidiary

Prophet Technology Inc.	Surveon Technology Inc.	Taiwan	Transaction of computer peripherals	10,000	10,000	1,000,000	100.00%	11,133	588	588	"

Note 1: The exchange rate is the historical exchange rate at the time of each investment.

c. Information on investments in Mainland China:

1) Information on investments in Mainland China:

Unit: NT$ Thousands

Name of investee in Mainland China	Principal business	Paid-in capital (Note 3)	Method of investment	Accumulated outward remittance of investment from Taiwan at the beginning of the current period (Note 3)	Outward remittance or recovery of investment in the current period (Note 3)		Accumulated outward remittance of investment from Taiwan at the end of the current period (Note 3)	Current profit or loss of investee	Shareholding ratio of the Company's direct or indirect investments	Investment profit or loss recognized in the current period	Ending book value of investment	Repatriated investment income as of the end of current period
					Remittance	Recovery						
Infortrend Shanghai Limited	Transaction of computer peripherals	68,121	'(2)	68,121	-	-	68,121	10,132	100.00%	10,132	(15,559)	-

2) Limit on the amount of investments in Mainland China:

Accumulated Outward Remittance of Investment to Mainland China from Taiwan at the End of the Current Period (Note 3)	Investment Amount Approved by the Investment Commission, MOEA (MOEAIC) (Note 3)	Limit on the Amount of Investments in Mainland China Authorized by MOEAIC (Note 4)
68,121	68,121	2,378,608

Note 1: (1) Invest in mainland companies through remittance from the third region.
(2) Reinvest in the mainland companies by establishing a company through investment in the third region.
(3) Reinvest in a mainland company by reinvesting in an existing company in the third region.
(4) Invest directly in mainland companies.
(5) Other methods.

Note 2: It is presented according to the financial statements of the investee company.

Note 3: The exchange rate is the historical exchange rate at the time of each investment.

Note 4: The limit for other enterprises is 60% of net worth.

3. Significant transactions:

Please refer to Information relating to "Information on Significant Transactions" for details of significant transactions, direct or indirect, between the Company and its investee companies in mainland China in 2020 (written off at the time of preparation of the consolidated reports).

d. Information on major shareholders:

Unit: Share

Share / Name of major shareholders	Number of shares held	Shareholding ratio
Shih-Tung Lo	38,948,816	14.23%
Special investment account of Beevest Securities Limited entrusted for custody by Chinatrust Commercial Bank	25,405,815	9.28%
Tung Yu Investment Co., Ltd	21,075,300	7.70%

Note: (1) The information of major shareholders in this table refers to the information calculated by Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter on the total number of ordinary shares and preferred shares (including treasury shares) of the Company held by shareholders which have been delivered with book-entry registration at least 5 percent in total. The capital stock recorded in the financial statements of the Company and the number of shares actually delivered with book-entry registration may vary depending on the calculation basis of preparation.

(2) If the above information is about the circumstance that the shareholders have entrusted their shares to the trust institutions, it shall be disclosed by the trustor who opened the trust account with the trustee by the individual trust account. Shareholders shall register their shareholding as insider holding more than 10 percent of the shares in accordance with the Securities and Exchange Act, including the shares held by themselves plus the shares they have entrusted to the trust institutions and have the right to use the trust property. Please refer to the Market Observation Post System for information on insider equity registration.

14. Segment Information

Please refer to the Consolidated Financial statements for 2020 for details.

STATEMENT 1

Infortrend Technology Inc.

Schedule of Cash and Cash Equivalents
As of December 31, 2020
Unit: NT$ Thousands

Item	Abstract	Amount	
Cash		$	27
Bank deposits	Current deposits		97,863
	Check deposits		8
	Foreign currency deposits (US$2,526 thousand, RMB 5,290 thousand, GBP 31 thousand and EUR 41 thousand)		96,569
	Demand deposits		13,500
Total		$	207,967

Infortrend Technology Inc.

Schedule of Financial Assets (Liabilities) Measured at Fair Value through Profit or Loss
As of December 31, 2020
Unit: NT$ Thousands

Financial instruments	Abstract	Number/Number of shares	Face value	Total amount	Interest rate	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	Remarks
							Unit price (NT$)	Total amount		
Financial assets mandatorily measured at fair value through profit or loss - current:-										
Fund	Mega Diamond Money Market Fund	146,600.77	$ -	-	- %	1,809	12.6499	1,854	-	
"	UPAMC James Bond Money Market Fund	3,632,174.68	-	-	- %	61,110	16.8408	61,169	-	
"	Jih Sun Money Market Fund	1,681,491.00	-	-	- %	25,046	14.9500	25,138	-	
"	Cathay High Income Fund of Funds	726,172.90	-	-	- %	9,132	13.3064	9,663	-	
"	Manulife China Offshore Bond Fund	910,050.60	-	-	- %	10,000	11.0684	10,073	-	
"	Prudential Financial India Opportunity Bond Fund	3,304,668.11	-	-	- %	34,676	10.4911	34,670	-	
"	Nomura Global Financial Bond Fund Dis - USD-	98,734.45	-	-	- %	33,125	331.6446	32,745	-	
	Nomura Global Financial Bond Fund Dis - RMB-	938,812.31	-	-	- %	45,110	51.6599	48,499	-	
"	Allianz US Low Average Duration High Yield Fund - RMB-	1,047,955.40	-	-	- %	46,475	47.0513	49,308	-	
"	Allianz US Low Average Duration High Yield Fund - USD-	187,778.80	-	-	- %	57,355	304.0097	57,087	-	
"	Allianz Global Investors Fund - USD-	116,492.78	-	-	- %	36,160	305.5557	35,595	-	
"	Cathay Senior Secured High Yield Bond Fund - USD-	3,576,003.00	-	-	- %	39,094	10.0971	36,107	-	
"	Cathay Asian High Yield Bond Fund - USD-	199,616.48	-	-	- %	57,773	288.0488	57,499	-	
"	Cathay High Income Fund of Funds - USD-	5,481,297.40	-	-	- %	71,272	12.9503	70,984	-	
"	Manulife China Offshore Bond Fund - RMB-	5,100,874.49	-	-	- %	62,702	12.4606	63,560	-	
"	Fuh Hwa South Africa Short-Term Income ZAR Fund-	275,377.20	-	-	- %	7,824	31.6992	8,729	-	
"	Fuh Hwa Emerging Market RMB Fixed Inc - RMB-	692,133.90	-	-	- %	39,190	56.2896	38,960	-	
"	Prudential Financial India Opportunity Bond Fund - USD-	107,350.63	-	-	- %	34,890	319.8524	34,336	-	
"	Jih Sun Asian High Yield Bond Fund - RMB-	6,513,424.42	-	-	- %	74,138	11.3452	73,896	-	
Preferred shares	Class A Preferred Shares issued by Fubon Financial Holding	4,629,000.00	-	-	- %	281,879	62.3000	288,387	-	Note
"	Class B Preferred Shares issued by Fubon Financial Holding	2,576,000.00	-	-	- %	162,895	62.5000	161,000	-	
"	Class A Preferred Shares issued by Cathay Financial Holdings	4,059,000.00	-	-	- %	252,184	61.8000	250,846	-	Note
"	Class E Registered Preferred Shares issued by Taishin Holdings	7,729,000.00	-	-	- %	403,459	52.6000	406,546	-	Note
"	Class A Preferred Shares issued by Union Bank	8,293,000.00	-	-	- %	431,113	51.8000	429,577	-	Note
"	Class A Preferred Shares issued by WPG Holdings	3,845,000.00	-	-	- %	195,839	50.1000	192,635	-	
"	Class A Preferred Shares issued by Shin Kong Financial Holding	5,468,000.00	-	-	- %	247,315	43.7500	239,225	-	Note
"	Class B Preferred Shares issued by Shin Kong Financial Holding	1,535,000.00	-	-	- %	64,685	42.3500	65,007	-	
"	Non-Cumulative Convertible Class A Preferred Shares issued by O-Bank	3,907,000.00	-	-	- %	39,772	10.1500	39,656	-	
Ordinary shares	Ordinary shares of Inventec Corporation	270,000.00	-	-	- %	5,847	24.0000	6,480	-	
"	Ordinary shares of Cathay Financial Holdings Co., Ltd.	123,465.00	-	-	- %	4,321	42.2500	5,216	-	
Bonds	European Investment Bank ZAR Bonds	-	-	-	9.00%	70,123	-	57,120	-	
"	Asian Development Bank INR Bonds	-	-	-	6.00%	53,897	-	42,781	-	
"	SoftBank USD Bonds	-	-	-	4.75%	60,196	-	59,271	-	
"	BMW RMB Bonds	-	-	-	4.40%	22,342	-	21,730	-	
"	Swiss Bank USD Bonds	-	-	-	5.13%	93,639	-	93,212	-	
"	Barclays Bank USD Bonds	-	-	-	4.38%	59,887	-	62,241	-	
"	Fortis Insurance USD Bonds	-	-	-	4.13%	45,030	-	43,888	-	
"	Westpac Bank RMB Bonds	-	-	-	4.35%	40,245	-	39,881	-	
"	CICC USD Bonds	-	-	-	1.45%	12,292	-	11,229	-	
"	Hitachi Capital Corp Subsidiary RMB Bonds	-	-	-	4.60%	26,773	-	25,943	-	
"	RBS USD Bonds	-	-	-	6.00%	31,886	-	32,032	-	
"	RBS USD Bonds	-	-	-	6.13%	32,152	-	30,861	-	
"	Industrial and Commercial Bank of China Singapore Branch RMB Bonds	-	-	-	4.50%	49,013	-	47,885	-	
"	CDB Leasing USD Bonds	-	-	-	3.75%	46,585	-	43,349	-	
"	Standard Charter Group USD Bonds	-	-	-	5.70%	48,900	-	44,217	-	
	Agricultural Development Bank of China RMB Bonds	-	-	-	3.05%	4,365	-	4,327	-	
				-		3,533,515		3,494,414	-	
Financial assets mandatorily measured at fair value through profit or loss - non-current:										
Perpetual bonds	SoftBank Perpetual Bonds	-	-	-	- %	30,749	-	27,547	-	
				$ -		3,564,264		3,521,961	-	

Note: Please refer to Note 6 (2) for details about stock pledge.

STATEMENT 3

Infortrend Technology Inc.

Schedule of Trade receivables
As of December 31, 2020
Unit: NT$ Thousands

Customer name	Abstract (USD thousand)	Amount		Remarks
Related parties:				
IFT-USA-	USD154	$	4,334	
IFT-EU-	USD576		16,184	
IFT-CHINA (Infortrend)-	USD2,602		73,147	
IFT-JP-	USD344		9,668	
IFT-S (Surveon)-	USD27		775	
	Subtotal		104,108	
Non-related parties:				
CANON-M-	USD2,522		70,898	
STARLINE	USD330		9,290	
Others			31,965	The balance did not exceed 5%
	Subtotal		112,153	
Less: allowance for losses			(3,820)	
Net amount			108,333	
Total		$	212,441	

Schedule of Other Receivables

Item	Abstract	Amount		Remarks
Other receivables	Bond interest receivable	$	13,298	
	Redemption fund		51,901	
	Redemption bonds		27,966	
	Others		2,031	
Other receivables - related parties			6,304	
		$	101,500	

Infortrend Technology Inc.

Inventory Schedule
As of December 31, 2020
Unit: NT$ Thousands

Item	Amount		Remarks
	Cost	Net realizable value	
Raw material	$ 262,285	255,099	Replacement cost
Work in process	44,792	37,602	Net realizable value
Finished products	50,022	32,667	Net realizable value
Subtotal	357,099	325,368	
Allowance for inventory loss from market price decline and for loss on obsolete and slow-moving inventories	(49,956)		
Net amount	$ 307,143		

Schedule of Other Current Assets

Item	Abstract	Amount	Remarks
Other current assets	Tax refund receivable, etc.	$ 7,106	
Temporary payment	Temporary payment of patent fees, etc.	53	
		$ 7,159	

Infortrend Technology Inc.

Schedule of Changes in Investments Using Equity Method
As of December 31, 2020
Unit: NT$ Thousands

Name	Beginning balance		Increase in the current period		Decrease in the current period		Ending balance			Market price or net equity value		Provision of guarantee or pledge	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price (NT$)	Total price		
Investments accounted for using equity method													
Infortrend Europe Limited	2,200,000	$ 24,725	-	-	-	9,246	2,200,000	100.00%	15,479	7.95	17,484	None	(Note)
Infortrend Corporation	153,824	11,452	-	7,041	-	-	153,824	100.00%	18,493	133.74	20,573	"	"
Prophet Technology Inc.	1,500,000	17,498	-	569	-	1,964	1,500,000	100.00%	16,103	10.74	16,103	"	"
Total		$ 53,675		7,610		11,210			50,075		54,160		
Investment credit balance accounted for using equity method													
Infortrend Limited	-	$ 27,589	-	-	-	18,331	-	100.00%	9,258	-	(428)	None	(Note)
Infortrend Japan Inc.	60	1,949	-	-	-	1,372	60	100.00%	577	11,896.08	(714)	"	"
Total		$ 29,538		-		19,703			9,835		(1,142)		

(Note): The market price of the unlisted (OTC) company is the net equity value, which is presented according to the financial statements of the investee company that have been audited and attested by a CPA.

STATEMENT 6

Infortrend Technology Inc.

Schedule of Short-term Borrowings

As of December 31, 2020

Unit: NT$ Thousands

Type of Borrowing	Description	Ending balance	Term of borrowing	Range of interest rate	Financing amount	Mortgage or guarantee	Remarks
Credit loans	Taiwan SMEs Bank	$ 180,000	2020.12.31~2021.01.29	1.05%	350,000	None	
"	E.SUN Bank	100,000	2020.10.16~2021.04.16	1.08%	150,000	"	
"	Taishin International Bank	77,500	2020.12.11~2021.01.25	1.00%	125,000	"	
Guaranteed loans	Taishin International Bank	232,500	2020.12.11~2021.01.25	1.00%	375,000	Yes	
"	Mega Bank	260,000	2020.11.06~2021.06.14	1.05%	300,000	"	
		$ 850,000					

STATEMENT 7

Infortrend Technology Inc.

Schedule of Contract Liabilities
As of December 31, 2020
Unit: NT$ Thousands

Item	Abstract	Amount	Remarks
Advances on sales - non-related parties		$ 669	
Long-term deferred income - non-related parties		5,847	
Long-term deferred income - related parties		25,585	
		$ 32,101	

Schedule of Trade payables

Customer name	Abstract	Amount	Remarks
Non-related parties:			
Trade payables	Toshiba Taiwan	$ 8,999	
	Synnex Technology	7,091	
	Pentens	6,791	
	3Y Power Technology	5,803	
	Plotech Technology	3,260	
	Allianz Vantage	2,861	
	Others	13,554	The balance of single customer did not exceed 5%
		$ 48,359	

Infortrend Technology Inc.

Schedule of Other Payables
As of December 31, 2020
Unit: NT$ Thousands

Item	Abstract	Amount
Wages payable		$ 105,228
Expense payables		7,590
Other expense payables		12,130
Other payables	Others	5,069
		$ 130,017

Schedule of Other Current Liabilities

Item	Abstract	Amount	Remarks
Collection for others	Labor and health insurance expenses	$ 866	

Infortrend Technology Inc.

Schedule of Provisions - Non-current

As of December 31, 2020

Unit: NT$ Thousands

Item	Abstract	Amount	Remarks
Provision for after-sales service guarantee - three years		$ 2,657	

Schedule of Other Non-current Liabilities

Item	Abstract	Amount	Remarks
Guarantee deposits	Deposit for parking space	$ 7	

Infortrend Technology Inc.

Schedule of Operating Cost
From January 1 to December 31, 2020
Unit: NT$ Thousands

Item	Amount	
	Subtotal	Total
Raw material		
Raw material at the beginning of period	$ 232,660	
Add: material purchased for the current period	442,450	
Inventory profit	49	
Less: raw material at the end of period	(262,285)	
Sale	(22,307)	
Scrap	(3,905)	
Expenses	(15,385)	371,277
Direct labor	32,312	
Manufacturing expenses	113,575	145,887
Manufacturing costs for the current period		517,164
Add: work in process at the beginning of period	51,763	
Purchase for the current period	242	
Return after sales	303	
Expense transferred in	1,656	
Less: work in process at the end of period	(44,792)	
Scrap	(1,707)	7,465
Product costs for the current period		524,629
Add: finished goods at the beginning of period	68,612	
Expense transferred in	2,251	
Less: finished goods at the end of period	(50,022)	
Expenses	(48)	
Inventory loss	(4)	
Scrap	(1,185)	19,604
Cost of goods manufactured		544,233
Add: selling cost of raw materials and work in process	22,004	
Inventory scrap loss	6,797	
Maintenance cost - RMA	5,231	
Gain on physical inventory	(45)	
Inventory loss from market price decline and loss on obsolete and slow-moving inventories	5,020	39,007
Total costs of goods sold		$ 583,240

Infortrend Technology Inc.

Schedule of Selling and Marketing Expenses
From January 1 to December 31, 2020
Unit: NT$ Thousands

Item	Abstract	Amount	Remarks
Payroll expenses		$ 19,250	
Service fees		4,014	
Transportation expenses		4,911	
Commission expenses		9,006	
Export expenses		3,892	
Others		7,109	The amount of a single item did not exceed 5%
		$ 48,182	

Schedule of Administrative Expenses

Item	Abstract	Amount	Remarks
Payroll expenses		$ 51,420	
Insurance premium		6,775	
Other expenses		6,042	
Depreciation		5,118	
Others		10,814	The amount of a single item did not exceed 5%
		$ 80,169	

STATEMENT 12

Infortrend Technology Inc.

Schedule of Research Expenses
From January 1 to December 31, 2020
Unit: NT$ Thousands

Item	Abstract	Amount	Remarks
Payroll expenses		$ 220,861	
Others		78,178	The amount of a single item did not exceed 5%
		$ 299,039	