

ASIA VITAL COMPONENTS CO., LTD
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

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The reader is advised that these parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese financial statements shall prevail.

Independent Auditors' Report

To ASIA VITAL COMPONENTS CO., LTD

Opinion

We have audited the accompanying parent company only balance sheets of ASIA VITAL COMPONENTS CO., LTD (the “Company”) as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Accounts receivable impairment

As of December 31, 2020, the Company's net accounts receivable and allowance for bad debts amounted to NT\$979,931 thousand and NT\$70,056 thousand, respectively, constituting 3% of the parent company balance. This ratio is significant to the Company whether or not allowance for bad debts can reflect accounts receivable credit risk and the ultimate net amount of accounts receivable, is related to the management's significant judgement. Therefore, we considered the appropriateness of this policy and the resulting figures to be a key audit matter.

Our audit procedures included, but are not limited to, assessing the appropriateness of accounts receivable expected credit loss. Included evaluating and testing the effectiveness of internal controls around accounts receivable; selecting samples to test the accuracy of accounts receivable aging, analyzing the variation of accounts receivable, verifying the appropriateness of long-term accounts receivable, performing sample selection for external confirmation of accounts receivable, and cross-checking the receiving status in order to evaluate the possibility of receivable.

We also assessed the adequacy of disclosures of accounts receivable and related risk. Please refer to Note 5 and 6 to the parent company only financial statements.

2. Valuation for inventories

As of December 31, 2020, the Company's net inventories amounted to NT\$ 5,521,393 thousand, constituting 20% of parent company total assets which is significant for the financial statements. The allowance for reduction of obsolete inventory due to the uncertainty caused by the rapid change of product technology, is closely related to the management's judgement. Therefore, we considered this a key audit matter.

Our audit procedures included, but are not limited to, testing the effectiveness of the internal controls around inventories, including inventory cost carried down; evaluating the inventory status, evaluating management's stock-taking plan, selecting the ideal warehouse site and performing the physical count to identify the number and status of inventory, testing the accuracy of inventory aging, and analyzing the variation of inventory aging and considering the anticipated demand and market value, evaluating the analysis of obsolete inventory of management, including the possibility of inventory realization and the evaluation of net realizable value, and testing the appropriateness of withdrawing inventory value from the allowance amount of inventory realization.

Please refer to Note 5 and 6 to the parent company only financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain subsidiaries and associates accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries and associates under equity method amounted to NT\$299,668 thousand and NT\$354,462 thousand, representing 1.07% and 1.38% of total assets as of December 31, 2020 and 2019, respectively. The related shares of profits (loss) from the subsidiaries and associates under the equity method amounted to NT\$31,581 thousand and NT\$9,483 thousand, representing 1.37% and 0.81% of the income before tax for the years ended December 31, 2020 and 2019, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries and associates under the equity method amounted to (NT\$1,750) thousand and (NT\$439) thousand, representing (2.13%) and 0.11% of the comprehensive income (loss) for the years ended December 31, 2020 and 2019, respectively.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

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

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

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

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

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

Ernst & Young, Taiwan
Republic of China
March 23, 2021

Notice to Readers

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

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of Parent Company Only Financial Statements Originally issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2020		December 31, 2019		Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	6(1)	\$5,069,376	18	\$3,004,438	12	Short-term loans	6(11)	\$700,000	3	\$630,000	2
Financial assets measured at amortized costs, current	4, 6(2), 8	279,788	1	15,690	0	Short-term notes and bills payable	6(12)	—	—	100,000	0
Accounts receivable, net	4, 6(3)	909,875	3	3,895,869	16	Notes payable		25,924	0	27,490	0
Accounts receivable-related parties, net	4, 6(3), 7	161,471	1	332,497	1	Accounts payable		548,397	2	348,132	1
Other receivables	6(4)	348,229	1	330,163	1	Accounts payable-related parties, net	7	7,591,758	27	7,626,634	30
Other receivables-related parties	6(4)	11,313	0	53,125	0	Other payables	6(13)	800,171	3	810,554	4
Inventories, net	6(5)	5,521,393	20	3,611,002	14	Other payables-related parties, net		8,383	0	21,492	0
Prepayments		24,201	0	9,081	0	Current tax liabilities	4, 6(23)	370,142	1	241,220	1
Other current assets		6,227	0	14,961	0	Lease liabilities-Current	4, 6(19)	6,752	0	6,844	0
Total current assets		12,331,873	44	11,266,826	44	Other current liabilities		79,033	0	11,107	0
						Current portion of long-term loans	6(15)	1,309,287	5	2,161,667	9
Non-current assets						Total current liabilities		11,439,847	41	11,985,140	47
Financial assets at fair value through other comprehensive income, noncurrent		2,423	0	9,423	0						
Investments accounted for using the equity method	4,6(6)	14,413,781	52	13,240,672	52	Non-current liabilities					
Property, plant and equipment	4, 6(7), 8	434,590	2	400,872	2	Corporate bonds payable	6(14)	2,400,000	8	—	—
Right-of-use assets	4, 6(19)	21,100	0	21,788	0	Long-term loans	6(15)	2,475,331	9	3,749,166	15
Investment property,net	4, 6(8), 8	51,871	0	54,246	0	Deferred tax liabilities	4, 6(23)	1,121,150	4	911,306	3
Intangible assets	4, 6(9)	55,026	0	53,650	0	Lease liabilities-Non current	4, 6(19)	14,863	0	15,241	0
Deferred tax assets	4, 6(23)	695,853	2	583,492	2	Net defined benefit liabilities, noncurrent	4, 6(16)	5,233	0	7,382	0
Other non-current assets	6(10), 8	27,431	0	25,217	0	Guarantee deposits		926	0	11,966	0
Total non-current assets		15,702,075	56	14,389,360	56	Total non-current liabilities		6,017,503	21	4,695,061	18
						Total liabilities		17,457,350	62	16,680,201	65
						Equity attributable to the parent company					
						Capital	6(17)				
						Common stock		3,533,101	13	3,533,101	13
						Additional paid-in capital	6(17)	1,601,099	6	1,540,817	6
						Retained earnings	6(17)				
						Legal reserve		865,492	3	769,695	3
						Special reserve		1,402,573	5	995,284	4
						Undistributed earnings		4,500,820	16	3,539,661	14
						Total retained earnings		6,768,885	24	5,304,640	21
						Other components of equity	4	(1,326,487)	(5)	(1,402,573)	(5)
						Total equity		10,576,598	38	8,975,985	35
Total assets		\$28,033,948	100	\$25,656,186	100	Total liabilities and equity		\$28,033,948	100	\$25,656,186	100

(The accompanying notes are an integral part of the consolidated financial statements.)

English translation of Parent Company Only Financial Statements originally issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars, except for earnings par share)

Items	Notes	2020		2019	
		Amount	%	Amount	%
Operating Revenue	4,6(18), 7	\$25,269,916	100	\$23,804,322	100
Operating costs	6(20), 7	(22,837,254)	(90)	(21,874,228)	(92)
Gross profit		2,432,662	10	1,930,094	8
Unrealized gross (profit)		(85)	(0)	(473)	(0)
Realized gross profit		472	0	322	0
Gross profit, net		2,433,049	10	1,929,943	8
Operating expenses	6(19).(20)				
Sales and marketing expenses		(250,986)	(1)	(298,804)	(1)
General and administrative expenses		(216,844)	(1)	(287,234)	(1)
Research and development expenses		(618,395)	(2)	(697,042)	(3)
Subtotal		(1,086,225)	(4)	(1,283,080)	(5)
Operating income		1,346,824	6	646,863	3
Non-operating income and expenses					
Interest income	6(21)	4,333	0	8,337	0
Other income	6(21)	135,753	1	36,913	0
Other gains and losses	6(21)	29,523	0	16,340	0
Finance costs	6(21)	(95,831)	(0)	(140,108)	(1)
Share of profit or loss of subsidiaries and associates	4,6(6)	878,501	3	603,641	3
Subtotal		952,279	4	525,123	2
Income from continuing operations before income tax		2,299,103	10	1,171,986	5
Income tax expense	6(23)	(383,257)	(2)	(214,017)	(1)
Net income		1,915,846	8	957,969	4
Other comprehensive income (loss)	6(22)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans		602	0	10,398	0
Unrealized gains (losses) from equity instruments investments measured		16,808	0	1,071	0
Income tax related to items that will not be reclassified		(120)	(0)	(2,079)	(0)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		69,675	0	(469,199)	(2)
Share of other comprehensive income (loss) of associates		(1,750)	(0)	(439)	(0)
Income tax related to items that may be reclassified subsequently		(2,870)	(0)	61,277	0
Total other comprehensive loss, net of tax		82,345	0	(398,971)	(2)
Total comprehensive income		\$1,998,191	8	\$558,998	2
Earnings per share (NTD)	6(24)				
Earnings per share-basic		\$5.42		\$2.71	
Earnings per share-diluted		\$5.40		\$2.70	

(The accompanying notes are an integral part of the parent company only financial statements.)

English translation of Parent Company Only Financial Statements originally issued in Chinese
ASIA VITAL COMPONENTS CO. , LTD
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars)

Items	Capital	Additional Paid-in Capital	Retained Earnings			Other Components of Equity		Total Equity
	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) From Equity Instruments Investments Measured At Fair Value Through Other Comprehensive Income	
Balance as of January 1, 2019	\$3,533,101	\$1,540,647	\$698,569	\$538,746	\$3,454,347	(\$655,207)	(\$340,076)	\$8,770,127
Appropriation and distribution of 2018 retained earnings								
Legal reserve			71,126		(71,126)			—
Special reserve				456,538	(456,538)			—
Cash dividends					(353,310)			(353,310)
Donation from shareholders		170						170
Net income for the year ended December 31, 2019					957,969			957,969
Other comprehensive income (loss), net of tax for the year ended December 31, 2019					8,319	(408,361)	1,071	(398,971)
Total comprehensive income (loss)	—	—	—	—	966,288	(408,361)	1,071	558,998
Balance as of December 31, 2019	<u>\$3,533,101</u>	<u>\$1,540,817</u>	<u>\$769,695</u>	<u>\$995,284</u>	<u>\$3,539,661</u>	<u>(\$1,063,568)</u>	<u>(\$339,005)</u>	<u>\$8,975,985</u>
Balance as of January 1, 2020	\$3,533,101	\$1,540,817	\$769,695	\$995,284	\$3,539,661	(\$1,063,568)	(\$339,005)	\$8,975,985
Appropriation and distribution of 2019 retained earnings								
Legal reserve			95,797		(95,797)			—
Special reserve				407,289	(407,289)			—
Cash dividends					(459,303)			(459,303)
Donation from shareholders		260						260
Net income for the year ended December 31, 2020					1,915,846			1,915,846
Other comprehensive income (loss), net of tax for the year ended December 31, 2020					482	65,055	16,808	82,345
Total comprehensive income (loss)	—	—	—	—	1,916,328	65,055	16,808	1,998,191
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries		60,022				1,443		61,465
Disposal of equity investments at fair value through other comprehensive income					7,220		(7,220)	—
Balance as of December 31, 2020	<u>\$3,533,101</u>	<u>\$1,601,099</u>	<u>\$865,492</u>	<u>\$1,402,573</u>	<u>\$4,500,820</u>	<u>(\$997,070)</u>	<u>(\$329,417)</u>	<u>\$10,576,598</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

English translation of Parent Company Only Financial Statements originally issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars)

Items	2020	2019
Cash flows from operating activities:		
Net income before tax	\$2,299,103	\$1,171,986
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expense adjustments :		
Depreciation	66,975	61,797
Amortization	27,571	20,861
Amortization of royalty	2,417	4,033
Expected credit (profit) losses	(24,363)	23,705
Interest expense	95,831	140,108
Interest income	(4,333)	(8,337)
Dividend revenue	(763)	(1,018)
Compensation costs of share-based payment transaction	1,776	1,776
Share of profit of subsidiaries and associates	(878,501)	(603,641)
(Gain) on disposal of property, plant and equipment	(2,132)	(10,136)
Unrealized gross profit	85	472
Realized gross (profit)	(472)	(321)
Others	(35,435)	115,615
Changes in operating assets and liabilities:		
Notes receivable	261	170
Accounts receivable	3,088,376	(1,933,601)
Accounts receivable-related parties	171,026	(206,836)
Other receivables	(96,084)	6,954
Other receivables-related parties	41,812	35,255
Inventories	(1,874,956)	(1,545,706)
Prepayments	(15,120)	14,982
Other current assets	8,734	11,998
Other operation assets	(264,098)	147,920
Notes payable	(1,566)	(8,008)
Accounts payable	200,265	(128,206)
Accounts payable-related parties	(34,876)	2,057,018
Other payables	(7,787)	301,874
Other payables-related parties	(14,875)	(5,506)
Other current liabilities	67,926	938
Net defined benefit liabilities	(1,547)	(1,211)
Cash generated from operations	<u>2,815,250</u>	<u>(335,065)</u>
Interest received	4,333	8,337
Interest paid	(96,661)	(142,187)
Income tax paid	<u>(159,843)</u>	<u>(180,112)</u>
Net cash provided (used) by operating activities	<u>2,563,079</u>	<u>(649,027)</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	22,220	—
Acquisition of investments accounted for using the equity method	(253,411)	(44,870)
Decrease in advance payments in investment	—	9,050
Acquisition of property, plant and equipment	(107,998)	(35,360)
Proceeds from disposal of property, plant and equipment	18,755	15,219
(Increase) in refundable deposits	(41)	(1,518)
Acquisition of intangible assets	(31,364)	(13,217)
(Increase) in noncurrent assets-others	(2,908)	(7,021)
Dividends received	3,463	3,718
Net cash (used) in investing activities	<u>(351,284)</u>	<u>(73,999)</u>
Cash flows from financing activities:		
Increase in short-term loans	5,650,000	4,630,000
(Decrease) in short-term loans	(5,580,000)	(4,200,000)
(Decrease) increase in short-term notes and bills payable	(100,000)	100,000
Increase in corporate bonds payable	2,400,000	—
Proceeds from long-term loans	7,369,896	6,150,000
Repayments of long-term loans	(9,496,111)	(5,381,387)
(Decrease) increase in guarantee deposits	(11,040)	1,400
Repayment of lease liabilities	(5,991)	(6,918)
Cash dividends	(459,303)	(353,310)
Disposal of equity of subsidiariess (not lossing of control)	85,692	—
Net cash (used) provided in financing activities	<u>(146,857)</u>	<u>939,785</u>
Net increase in cash and cash equivalents	2,064,938	216,759
Cash and cash equivalents at beginning of year	3,004,438	2,787,679
Cash and cash equivalents at end of year	<u>\$5,069,376</u>	<u>\$3,004,438</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 December 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

1. History and organization

ASIA VITAL COMPONENTS CO., LTD. (the Company) was incorporated on December 17, 1991. The Company's registered address is No.248-27, Xinsheng Rd., Qianzhen Dist., Kaohsiung City. The principal activities of the Company are to manufacture, process, assemble and to import and export electronic parts, electronic materials, communication electronic machinery products, automobile parts, lighting device, computer peripherals.

The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange (TWSE) on 27 September, 2002.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended 31 December 2020 and 2019 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 23, 2021.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2020. Apart from the nature and impact of the new standard and amendment is described below, the adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

A. Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

- (a) A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- (b) A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- (c) A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after 1 January 2021 have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023

- A. IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a Company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

- (a) Estimated of future cash flows;
- (b) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- (c) A risk adjustment for non-financial risk.

The carrying amount of a Company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

(e) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(f) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (a) to (f), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended 31 December 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee and Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT\$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Company holds the asset primarily for the purpose of trading
- C. The Company expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle
- B. The Company holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) A Company of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a first in, first out basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

The Company's investment in its associate or joint venture is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	35~57 years
Machinery and Equipment	1~6 years
Molding Equipment	2 years
Right-of-use assets/leased assets (Note)	1~10 years
Other Facilities	1~6 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal Company that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	55~57 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

For contracts entered on or after January 1, 2019, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

- A. The right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. Amounts expected to be payable by the lessee under residual value guarantees;
- D. The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. The amount of the initial measurement of the lease liability;
- B. Any lease payments made at or before the commencement date, less any lease incentives received;
- C. Any initial direct costs incurred by the lessee; and
- D. An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are reflected in profit or loss for the year in which the expenditures are incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least once at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate the following:

- A. the technical feasibility of completing the intangible asset so that it will be available for use or sale
- B. its intention to complete and its ability to use or sell the asset
- C. how the asset will generate future economic benefits
- D. the availability of resources to complete the asset
- E. the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies applied to the Company's intangible assets is as follows:

	Patents	Computer software
Useful lives	Finite(5 years)	Finite(1~4 years)
Amortization method used	Amortized on a straight-line basis	Amortized on a straight-line basis
Internally generated or acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or Companies of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is 3C electronic products and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 90 to 150 days. For all of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Company's parent company only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Past service costs are recognized in profit or loss on the earlier of:

- A. The date of the plan amendment or curtailment, and
- B. The date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or Company of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(3) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

(4) Revenue recognition – sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

(5) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(6) Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(7) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	31 Dec 2020	31 Dec 2019
Cash on hand and demand deposits	\$5,051,868	\$2,972,150
Time deposits	17,508	32,288
Total	<u>\$5,069,376</u>	<u>\$3,004,438</u>

(2) Financial assets measured at amortized cost, current

	31 Dec 2020	31 Dec 2019
Bank deposits	<u>\$279,788</u>	<u>\$15,690</u>

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for details on credit risk and assessment of impairment loss.

(3) Accounts receivable, net

A.

	31 Dec 2020	31 Dec 2019
Account receivables	\$979,931	\$3,989,557
Less: loss allowance	(70,506)	(93,688)
Subtotal	<u>\$909,875</u>	<u>\$3,895,869</u>
Accounts receivable-related parties	<u>161,471</u>	<u>332,497</u>
Total	<u>\$1,071,346</u>	<u>\$4,228,366</u>

B. Accounts receivables were not pledged.

- C. Trade receivables are generally on 90-150 day terms. The total carrying amount as of December 31, 2020 and December 31, 2019 were \$979,931 thousand and \$3,989,557 thousand, respectively. The Company follows the requirement of IFRS 9 to assess the impairment, measure the loss allowance of its trade receivables at an amount equal to lifetime expected credit losses, consider the grouping of note receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is recognized based on expected loss ratio, details are as follow. Please refer to Note 12 for more details on credit risk management.

	Neither past due nor	Past due but not impaired			
As at	impaired	31~90 days	91~180 days	>=181 days	Total
31 Dec 2020					
Gross carrying amount	\$979,574	\$357	—	—	\$979,931
Loss ratio	0%~10%	1%~10%	5%~20%	50%~100%	
Lifetime expected credit losses	70,052	4	—	—	70,056
Subtotal	\$909,552	\$353	—	—	\$909,875
31 Dec 2019					
Gross carrying amount	\$4,319,042	\$910	—	\$2,102	\$4,322,054
Loss ratio	0%~5%	1%~10%	5%~20%	50%~100%	
Lifetime expected credit losses	91,577	9	—	2,102	93,688
Subtotal	\$4,227,465	\$901	—	—	\$4,228,366

- D. Movement of the loss allowance table:

	Collectively impaired	Total
As of 1 Jan 2020	\$93,688	\$93,688
(Reversal) for the current period	(23,632)	(23,632)
As of 31 Dec 2020	\$70,056	\$70,056
As of 1 Jan 2019	\$70,539	\$70,539
Charge for the current period	23,149	23,149
As of 31 Dec 2019	\$93,688	\$93,688

- E. The Company entered into a factoring agreement with the following banks to sell its accounts receivable. Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognized the transferred accounts receivable.

As of 31 December 2020 and 2019, other receivables from banks incurred by accounts receivable factoring amounted to NT\$245,255 thousand and NT\$324,004 thousand, respectively.

As of 31 December 2020 and 31 December 2019, the relevant information of accounts receivable factored and derecognised by the Company is as follows:

(a) 31 December 2020:

The Factor (Transferee)	Rates (%)	Accounts receivable factoring not yet due (in thousands of dollars)	Amount received (in thousands of dollars)	Retention (recognized as other receivables) (in thousands of dollars)	Credit Limit (in thousands of dollars)
E. Sun Bank	—	\$ 70,244	\$ 62,953	\$ 7,291	\$100,000
CTBC Bank	—	13,203	11,833	1,320	20,000
Total	—	<u>\$83,447</u>	<u>\$ 74,836</u>	<u>\$ 8,611</u>	<u>\$120,000</u>

(b) 31 December, 2019:

The Factor (Transferee)	Rates (%)	Accounts receivable factoring not yet due (in thousands of dollars)	Amount received (in thousands of dollars)	Retention (recognized as other receivables) (in thousands of dollars)	Credit Limit (in thousands of dollars)
E. Sun Bank	—	\$ 85,000	\$76,336	\$ 8,664	\$ 85,000
CTBC Bank	—	21,402	19,258	2,144	21,600
Total	—	<u>\$106,402</u>	<u>\$95,594</u>	<u>\$10,808</u>	<u>\$106,600</u>

(4) Other receivables and other receivables-related parties

A.

	31 Dec 2020	31 Dec 2019
Tax refund receivable	\$2,095	\$2,950
Other receivables	350,738	332,548
Less: loss allowance	(4,604)	(5,335)
Subtotal	<u>348,229</u>	<u>330,163</u>
Other receivables — related parties	<u>11,313</u>	<u>53,125</u>
Total	<u>\$359,542</u>	<u>\$383,288</u>

B. The Company follows the requirement of IFRS 9 to assess the impairment. The Company measures the loss allowance of its other receivables at an amount equal to lifetime expected credit losses, considers the grouping of note receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is recognized based on expected loss ratio, details are as follow. Please refer to Note 12 for more details on credit risk management.

C. Movement of the loss allowance table:

	Collectively impaired	Total
As of 1 Jan 2020	\$5,335	\$5,335
(Reversal) for the current period	(731)	(731)
As of 31 Dec 2020	<u>\$4,604</u>	<u>\$4,604</u>
As of 1 Jan 2019	\$4,779	\$4,779
Charge for the current period	556	556
As of 31 Dec 2019	<u>\$5,335</u>	<u>\$5,335</u>

- D. Ageing analysis of accounts receivables that is past due as of the end of the reporting period but not impaired is as follows:

As of	Neither past due nor impaired	Past due but not impaired			Total
		31~90 days	91~180 days	>=181 days	
31 Dec 2020	\$144,464	\$176,517	\$25,153	—	\$346,134
31 Dec 2019	\$121,287	\$168,015	\$37,593	\$318	\$327,213

(5) Inventories

- A.

	31 Dec 2020	31 Dec 2019
Raw materials	\$83,869	\$33,769
Finished goods	5,437,524	3,577,233
Total	\$5,521,393	\$3,611,002

- B. Expenses and losses incurred on inventories for the years ended 31 December 2020 and 2019 were as follows:

	2020	2019
Cost of inventories sold	\$22,872,689	\$21,758,613
(Gain) loss on inventory valuation	(35,435)	115,615
Cost of goods sale	\$22,837,254	\$21,874,228

- C. For the Company's year ended December 31 2020, due to factors such as the rebound in the inventory price of the provision for decline in inventories at the beginning of the period, or the sale or use of the inventory, the assessment of the allowance for the provisioned inventory is recognized. The reduction in inventory recognition benefits was \$35,435 thousand.

- D. No inventories were pledged.

(6) Investments accounted for under the equity method

- A. The following table lists the investments in associates of the Company:

Investees	31 Dec 2020		31 Dec 2019	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries				
AVC INTERNATIONAL CO., LTD. — B.V.I.	\$8,229,670	100%	\$8,033,045	100%
CHIHUNG INTERNATIONAL LTD.	4,534,352	100%	3,900,058	100%
MERIT TRADING CORPORATION	170,579	100%	167,327	100%
RAYNEY INTERNATIONAL LTD.	122,803	100%	125,288	100%
AVC AMERICA, INC.	114,855	100%	95,053	100%
AVC INTERNATIONAL (SAMOA) CO., LTD.	59,458	100%	65,205	100%
JADS CORPORATION (HK) LTD.	14,965	100%	28,027	100%
AVC INTERNATIONAL CO., LTD. — SAMOA	289,235	100%	319,168	100%

Investees	31 Dec 2020		31 Dec 2019	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
AVC EUROPE TECHNOLOGY GMBH	8,826	100%	8,361	100%
AVC TECHNOLOGY(VIETNAM) COMPANY LIMITED	253,411	100%	—	—
HUNG YE INVESTMENT CO., LTD.	5,395	100%	14,359	100%
D-MAX TECHNOLOGY CO., LTD.	395,369	100%	300,008	100%
FOSITEK CORP.	174,721	19.71%	145,916	29.71%
Subtotal	14,373,669		13,201,815	
Investments in associates:				
ZIMAG TECHNOLOGY CO., INC. (Note)	40,112	9.53%	38,857	9.53%
Total	<u>\$14,413,781</u>		<u>\$13,240,672</u>	

Note: The Company evaluated and concluded that it has significant influence over Innovision, thus, this investment of the Company used the equity method for evaluation.

Certain investments accounted for under the equity method were audited by other independent accountants. Shares of profit or loss of these associates amounted to NT\$299,668 thousand and NT\$354,462 thousand for the years ended 31 December 2020 and 2019, respectively. Share of other comprehensive income (loss) of these subsidiaries and associates amounted to NT\$31,581 thousand and NT\$9,483 thousand for the years ended 31 December 2020 and 2019, respectively. The balances of investments accounted for under the equity method were (NT\$1,750) thousand and (NT\$439) thousand as of 31 December 2020 and 2019, respectively.

B. Financial information of associates:

The Company's investment in ZIMAG TECHNOLOGY CO., INC. is not individually material. The aggregate carrying amount of the Company's interests in ZIMAG TECHNOLOGY CO., INC. is NT\$40,112 and NT\$38,857 thousand, for the years ended December 31, 2020 and 2019, respectively. The aggregate financial information of the Company's investments in ZIMAG TECHNOLOGY CO., INC. is as follows:

	For the years ended December 31	
	2020	2019
Net income	\$5,706	\$3,273
Other comprehensive income (loss)	(1,750)	(439)
Total comprehensive income	<u>\$3,956</u>	<u>\$2,834</u>

None of the aforementioned associates were pledged.

(7) Property, plant and equipment

	31 Dec 2020	31 Dec 2019
Owner occupied property, plant and equipment	<u>\$434,590</u>	<u>\$400,872</u>

A. Owner occupied property, plant and equipment (applicable under IFRS 16 requirements)

	Land	Buildings	Machinery and equipment	Molding equipment	Other facilities	Construction in progress and equipment awaiting examination	Total
Cost:							
As of 1 Jan 2020	\$167,151	\$197,016	\$145,431	\$42,595	\$215,763	—	\$767,956
Additions	—	—	43,299	487	64,212	—	107,998
Disposals	—	—	(23,435)	(22,981)	(10,226)	—	(56,642)
Other changes	—	—	(500)	—	500	—	—
As of 31 Dec 2020	<u>\$167,151</u>	<u>\$197,016</u>	<u>\$164,795</u>	<u>\$20,101</u>	<u>\$270,249</u>	<u>—</u>	<u>\$819,312</u>
Depreciation and impairment:							
As of 1 Jan 2020	—	\$73,124	\$102,788	\$42,383	\$148,789	—	\$367,084
Depreciation	—	5,021	20,309	325	32,002	—	57,657
Disposals	—	—	(13,082)	(22,890)	(4,047)	—	(40,019)
Other changes	—	—	(500)	—	500	—	—
As of 31 Dec 2020	<u>—</u>	<u>\$78,145</u>	<u>\$109,515</u>	<u>\$19,818</u>	<u>\$177,244</u>	<u>—</u>	<u>\$384,722</u>

	Land	Buildings	Machinery and equipment	Molding equipment	Other facilities	Construction in progress and equipment awaiting examination	Total
Cost:							
As of 1 Jan 2019	\$167,151	\$150,124	\$157,023	\$70,387	\$214,381	—	\$759,066
Additions	—	—	23,375	—	11,986	—	35,361
Disposals	—	—	(34,967)	(27,792)	(10,604)	—	(73,363)
Other changes	—	46,892	—	—	—	—	46,892
As of 31 Dec 2019	<u>\$167,151</u>	<u>\$197,016</u>	<u>\$145,431</u>	<u>\$42,595</u>	<u>\$215,763</u>	<u>—</u>	<u>\$767,956</u>
Depreciation and impairment:							
As of 1 Jan 2019	—	\$52,062	\$113,623	\$69,738	\$131,615	—	\$367,038
Depreciation	—	5,021	19,329	437	27,402	—	52,189
Disposals	—	—	(30,164)	(27,792)	(10,228)	—	(68,184)
Other changes	—	16,041	—	—	—	—	16,041
As of 31 Dec 2019	<u>—</u>	<u>\$73,124</u>	<u>\$102,788</u>	<u>\$42,383</u>	<u>\$148,789</u>	<u>—</u>	<u>\$367,084</u>
Net carrying amount as of:							
As of 31 Dec 2020	<u>\$167,151</u>	<u>\$118,871</u>	<u>\$55,280</u>	<u>\$283</u>	<u>\$93,005</u>	<u>—</u>	<u>\$434,590</u>
Net carrying amount as of:							
31 Dec 2019	<u>\$167,151</u>	<u>\$123,892</u>	<u>\$42,643</u>	<u>\$212</u>	<u>\$66,974</u>	<u>—</u>	<u>\$400,872</u>

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(8) Investment property

	Land	Buildings	Total
Cost :			
As of 1 Jan 2020	—	\$134,495	\$134,495
Other changes	—	—	—
As of 31 Dec 2020	—	\$134,495	\$134,495
As of 1 Jan 2019	—	\$181,387	\$181,387
Other changes	—	(46,892)	(46,892)
As of 31 Dec 2019	—	\$134,495	\$134,495
Depreciation and impairment:			
As of 1 Jan 2020	—	\$80,249	\$80,249
Depreciation	—	2,375	2,375
Other changes	—	—	—
As of 31 Dec 2020	—	\$82,624	\$82,624
As of 1 Jan 2019	—	\$93,915	\$93,915
Depreciation	—	2,375	2,375
Other changes	—	(16,041)	(16,041)
As of 31 Dec 2019	—	\$80,249	\$80,249
Net carrying amount as at:			
As of 31 Dec 2020	—	\$51,871	\$51,871
As of 31 Dec 2019	—	\$54,246	\$54,246

	2020	2019
Rental income from investment property	\$6,063	\$6,456
Less: Direct operating expenses from investment property generating rental income	(4,562)	(4,577)
Total	\$1,501	\$1,879

Please refer to Note 8 for more details on investment property under pledge.

The investment property held by the Company is industrial land and buildings, and the fair value is equivalent to the carrying value.

(9) Intangible assets

	Computer software	Patents	License fee	Total
Cost:				
As of 1 Jan 2020	\$84,990	\$3,686	\$25,679	\$114,355
Addition	31,364	—	—	31,364
Other changes	—	—	—	—
As of 31 Dec 2020	<u>\$116,354</u>	<u>\$3,686</u>	<u>\$25,679</u>	<u>\$145,719</u>
As of 1 Jan 2019	\$71,773	\$3,686	\$25,679	\$101,138
Addition	13,217	—	—	13,217
Other changes	—	—	—	—
As of 31 Dec 2019	<u>\$84,990</u>	<u>\$3,686</u>	<u>\$25,679</u>	<u>\$114,355</u>
Amortization and impairment:				
As of 1 Jan 2020	\$40,038	\$3,686	\$16,981	\$60,705
Amortization	27,571	—	2,417	29,988
As of 31 Dec 2020	<u>\$67,609</u>	<u>\$3,686</u>	<u>\$19,398</u>	<u>\$90,693</u>
As of 1 Jan 2019	\$19,177	\$3,686	\$12,948	\$35,811
Amortization	20,861	—	4,033	24,894
As of 31 Dec 2019	<u>\$40,038</u>	<u>\$3,686</u>	<u>\$16,981</u>	<u>\$60,705</u>
Net carrying amount as at:				
31 Dec 2020	<u>\$48,745</u>	<u>—</u>	<u>\$6,281</u>	<u>\$55,026</u>
31 Dec 2019	<u>\$44,952</u>	<u>—</u>	<u>\$8,698</u>	<u>\$53,650</u>
Amortization expense of intangible assets under the statement of comprehensive income:				
	2020	2019		
Operating costs	<u>—</u>	<u>—</u>		
Operating expenses	<u>\$29,988</u>	<u>\$24,894</u>		

(10) Other non-current assets

	31 Dec 2020	31 Dec 2019
Advance payments in equipments	\$23,126	\$20,953
Refundable deposits	4,305	4,264
Total	<u>\$27,431</u>	<u>\$25,217</u>

Please refer to Note 8 for more details on other non-current assets under pledge.

(11) Short-term borrowings

A.

	31 Dec 2020	31 Dec 2019
Unsecured bank loans	<u>\$700,000</u>	<u>\$630,000</u>

B. Interest rate ranges are within 0.7187%~0.8200% and 0.8648%~0.9500% as of 31 December 2020 and 2019, respectively.

C. The maturity date as of 31 December 2020 due by 21 December 2021.

D. The Company's unused short-term lines of credits amounted to NT\$2,382,880 thousand and NT\$1,479,680 thousand as of 31 December 2020 and 2019, respectively.

(12) Short-term notes and bills payable

Guarantee or acceptance agency	31 Dec. 2020		Amount
	Issued Period	Range of interest rates	
—	—	—	—
Guarantee or acceptance agency	31 Dec. 2019		Amount
	Issued Period	Range of interest rates	
China bills finance corporation	2019.12.18~2020.1.16	0.54%	\$100,000

(13) Other payable

	31 Mar. 2020	31 Dec. 2019
Labor costs payable	\$294,255	\$257,946
import-export and Freight payable	208,667	231,698
Services expense payable	103,203	66,672
Other	194,046	254,238
Net	<u>\$800,171</u>	<u>\$810,554</u>

(14) Corporate Bonds payable

	As at		Mortgage or guarantee
	31 Dec. 2020	31 Dec. 2019	
5 year secured bonds - issued at par value.			
Issued in August 2020. Interest at 0.62%, bullet repayment, payable annually	\$2,400,000		None
Less: current portion	—	—	
Net	<u>\$2,400,000</u>	<u>—</u>	

The issuance of the above corporate bonds payable is to repay existing loans and expand working capital, the Company entered into a syndicated credit facility agreement with 9 banks by E.SUN Commercial Bank, Taiwan Cooperative Bank, Hua Nan Commercial Bank, Bank of Taiwan, Land Bank of Taiwan, Mega International Commercial Bank, The Shanghai Commercial & Savings Bank, First Commercial Bank and CTBC Bank for a NT\$2,424,000 thousand credit line.

(15) Long-term borrowings

	31 Dec 2020	31 Dec 2019	Redemption
Unsecured Long-Term Loan from Taiwan Cooperative Bank	—	\$120,000	Effective 4 Jun 2016 to 4 Jun 2021. Principal is repaid in 20 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Business Bank	—	91,667	Effective 16 Nov 2017 to 16 Nov 2020. Three-year loan: principal is repaid in monthly payments. Interest payments are calculated on current principal amount.
Unsecured Long-Term Loan from Mega International Commercial Bank	—	160,000	Three-year loan: first period begins 9 months after first allocation. Principal is repaid in 10 quarterly payments (principal NT\$40,000 thousand for each period) with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	\$135,000	195,000	Effective 23 Jan 2018 to 23 Jan 2023. Principal is repaid in 20 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Shanghai Commercial & Savings Bank	—	150,000	Effective 5 Mar 2018 to 5 Mar 2021. Three-year loan: interest-only for 6 months from the first date of allocation. Principal and interest are repaid in 10 quarterly payments.
Unsecured Long-Term Loan from Shanghai Commercial & Savings Bank	125,000	—	Effective 15 Apr 2020 to 2 Apr 2023. Three-year loan: principal is repaid in 12 quarterly payments with monthly interest payments, NT\$1,250 thousand for each period.
Unsecured Long-Term Loan from First Commercial Bank	—	133,333	Effective 18 Apr 2018 to 18 Apr 2021. Three-year loan: principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from HSBC	—	225,000	Effective 21 May 2018 to 21 May 2021. Three-year loan: first period begins 18 months after first allocation. Principal is repaid in 4 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Taipei Fubon Bank	—	300,000	Effective 20 Jun 2018 to 20 Jun 2021. Three-year loan: first period begins 18 months after first allocation. Principal is repaid in 6 quarterly payments with monthly interest payments.

	31 Dec 2020	31 Dec 2019	Redemption
Unsecured Long-Term Loan from Hua Nan Bank	—	\$222,222	Effective 1 Aug 2018 to 1 Aug 2021. Three-year loan: principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from Yuanta Commercial Bank	—	480,000	Effective 7 Sep 2018 to 7 Sep 2021. Three-year loan: split loan is available. The first period begins at the expiration date of interest-only. Principal is repaid in 9 quarterly payments with monthly interest payments. Payments 1 to 8 are for NT\$60,000 thousand, and the final payment is for NT\$120,000 thousand.
Unsecured Long-Term Loan from Bank of Taiwan	—	479,167	Effective 19 Nov 2018 to 19 Nov 2021. Three-year loan: interest-only payment for the first year. Principal is repaid with monthly interest payments.
Unsecured Long-Term Loan from Chang Hwa Bank	\$136,111	252,778	Effective 18 Feb 2019 to 19 Feb 2022. Three-year loan: Principal is repaid with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Business Bank	133,334	233,333	Effective 1 Apr 2019 to 1 Apr 2022. Three-year loan: Principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from E. Sun Bank	150,000	200,000	Effective 30 May 2019 to 30 May 2022. Three-year loan: Principal is amortized on a quarterly basis, and interest is paid on a monthly basis.
Unsecured Long-Term Loan from Kgi Bank	100,000	\$200,000	Revolving credit for 2 years from the first day of allocation 24 Jun 2019.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	225,000	285,000	Effective 3 Sep 2019 to 3 Sep 2022. Five-year loan: Principal is amortized on a quarterly basis, and interest is paid on a monthly basis.
Unsecured Long-Term Loan from DBS Bank Limited	—	500,000	Revolving credit for 2 years, but each loan cannot exceed 6 months.

	31 Dec 2020	31 Dec 2019	Redemption
Unsecured Long-Term Loan from Jih Sun Bank	—	\$300,000	Effective 7 Oct 2019 to 7 Oct 2022. Two-year loan: Principal is repaid in 8 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Land Bank of Taiwan	\$183,332	283,333	Effective 18 Oct 2019 to 18 Oct 2022. Three-year loan: Principal is repaid in monthly payments with interest.
Unsecured Long-Term Loan from CTBC Bank	—	500,000	Revolving credit for 3 years from the first day of allocation 20 Nov 2019.
Unsecured Long-Term Loan from Shin Kong Bank	—	100,000	Revolving credit for 3 years from the first day of allocation 22 Aug 2021.
Unsecured Long-Term Loan from Cathay United Bank	—	300,000	Revolving credit for 2 years from 12 Sep 2019 to 12 Sep 2021.
Unsecured Long-Term Loan from Taishin International Bank	—	200,000	Three-year FRCP: first issued on 21 Jun, 2018. The full issuance of the agreement during the effective period(issued and guaranteed by Taishin Bank).
Unsecured Long-Term Loan from HSBC	120,000	—	Effective 24 Feb 2020 to 24 Feb 2023. Three-year loan: first period begins 18 months after first allocation. Principal is repaid in 7 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Business Bank	416,667	—	Effective 1 Apr 2019 to 1 Apr 2022. Four-year loan: Principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	270,000	—	Effective 17 Jun 2020 to 17 Jun 2025. Five-year loan: Principal is amortized on a quarterly basis, and interest is paid on a monthly basis.

	31 Dec 2020	31 Dec 2019	Redemption
Unsecured Long-Term Loan from Jih Sun Bank	\$262,500	—	Effective 7 Jul 2020 to 7 Jul 2022. Two-year loan: Principal is repaid in 8 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Yuanta Commercial Bank	600,000	—	Effective 7 Sep 2020 to 7 Sep 2024. Four-year loan: split loan is available. The first period begins at the expiration date of interest-only. Principal is repaid in 9 quarterly payments with monthly interest payments. Payments 1 to 8 are for NT\$60,000 thousand, and the final payment is for NT\$120,000 thousand.
Unsecured Long-Term Loan from Hua Nan Bank	377,778	—	Effective 12 Oct 2020 to 12 Oct 2023. Three-year loan: principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from Mega Bank	490,000	—	Effective 19 Oct 2020 to 19 Oct 2025. Five-year loan: first period begins 18 months after first allocation. Principal is repaid in 14 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Bank of Taiwan	59,896	—	Effective 12 Nov 2020 to 12 Nov 2025. Five-year loan: interest-only payment for the two year. Principal is repaid with monthly interest payments.
Subtotal	3,784,618	5,910,833	
Less: Due within one year	(1,309,287)	(2,161,667)	
Total	\$2,475,331	\$3,749,166	
	2020	2019	
Interest rates	0.9000%~1.08%	0.6777%~1.28%	

(16) Post-employment benefits

A. Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2020 and 2019 were NT\$27,180 thousand and NT\$25,320 thousand, respectively.

B. Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded for each year after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries will estimate the aforementioned Labor Pension reserve accounts balance. If the balance is insufficient for the estimated payments to employees meeting the conditions of receiving labor pension within the following year, the Company will set aside the shortfall in full by end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT\$2,644 thousand to its defined benefit plan for the following 12 months as of 31 December 2020.

The durations of defined benefit obligation for the years ended 31 December 2020 and 2019 will expire in 14 years and 15 years, respectively.

Pension costs recognized in profit or loss are as follows:

	31 Dec 2020	31 Dec 2019
Current period service costs	\$1,038	\$1,246
Net interest on the net defined benefit liabilities	59	215
Total	<u>\$1,097</u>	<u>\$1,461</u>

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 Dec 2020	31 Dec 2019
Defined benefit obligation	\$126,167	\$120,997
Plan assets at fair value	(120,934)	(113,615)
Net defined benefit liabilities	<u>\$5,233</u>	<u>\$7,382</u>

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of 1 January 2019	\$126,638	(\$107,647)	\$18,991
Current service cost	1,246	—	1,246
Interest expense (income)	1,432	(1,217)	215
Subtotal	<u>129,316</u>	<u>(108,864)</u>	<u>20,452</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(2,142)	—	(2,142)
Actuarial gains and losses arising from changes in financial assumptions	5,798	—	5,798
Experience adjustments	(10,445)	—	(10,445)
Remeasurements of the defined benefit assets	—	(3,609)	(3,609)
Subtotal	<u>(6,789)</u>	<u>(3,609)</u>	<u>(10,398)</u>
Payments from the plan	<u>(1,530)</u>	<u>1,530</u>	<u>—</u>
Contribution by employer	—	(2,672)	(2,672)
As of 31 December 2019	<u>\$120,997</u>	<u>(\$113,615)</u>	<u>\$7,382</u>
Current service cost	1,038	—	1,038
Interest expense (income)	986	(909)	59
Subtotal	<u>123,003</u>	<u>(114,524)</u>	<u>8,479</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(253)	—	(253)
Actuarial gains and losses arising from changes in financial assumptions	6,445	—	6,445
Experience adjustments	(3,028)	—	(3,028)
Remeasurements of the defined benefit assets	—	(3,766)	(3,766)
Subtotal	<u>3,164</u>	<u>(3,766)</u>	<u>(602)</u>
Payments from the plan	—	—	—
Contribution by employer	—	(2,644)	(2,644)
As of 31 December 2020	<u>\$126,167</u>	<u>(\$120,934)</u>	<u>\$5,233</u>

The principal underlying actuarial assumptions are as follows:

	31 Dec. 2020	31 Dec. 2019
Discount Rate	0.42%	0.80%
Rate of future salary Increase	2.00%	2.00%

Sensitivity analysis of each major actuarial assumption:

	2020		2019	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount Rate increase 0.5%	—	\$8,361	—	\$8,506
Discount Rate decrease 0.5%	\$9,152	—	\$9,353	—
Future salary increase 0.5%	\$8,957	—	\$9,190	—
Future salary decrease 0.5%	—	\$8,276	—	\$8,451

(17) Equities

A. Common stock

As of 31 December 2020 and 2019, the Company's authorized capital was both NT\$4,000,000 thousand, and both issued NT\$3,533,101 thousand with 353,310 thousand shares, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

B. Additional paid-in capital

	31 Dec 2020	31 Dec 2019
Share premium	\$1,055,607	\$1,055,607
Difference between consideration and carrying amount of subsidiaries acquired or disposed	60,022	—
Donated assets received	3,148	2,887
Premium from merger	443,730	443,730
Employee stock option	15,300	15,300
Share options of convertible bonds	23,292	23,293
Total	\$1,601,099	\$1,540,817

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- Payment of all taxes and dues;
- Offset prior years' operation losses;

- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve, except for when accumulated legal reserve has reached total authorized capital.
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements, domestic and international competition as well as the interest of the shareholders. A percentage of no less than 5% of the distributable profits of the accounting period shall be distributed as shareholders' dividends annually. When the accumulated distributable profits are less than 10% of our paid-up capital, we will no longer be required to make allowances for allocation. Shareholders' dividends could be paid in the form of shares or cash. Accordingly, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside an amount to legal reserves unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserves that exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserves. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserves, from the profit/loss of the current period and the undistributed earnings from the previous period. The amount should equal to "other net deductions from shareholders' equity for the current fiscal year, provided that the company has already set aside special reserves according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

As of 31 December 2020, special reserve set aside for the first-time adoption of TIFRS amounts to \$95,481 thousand. Furthermore, the Company has not reversed special reserve during the year ended 2020 as results of the no use, disposal or reclassification of related assets.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on 23 March 2021 and 19 June 2020, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$192,355	\$95,797		
Special reserve	(76,086)	407,289		
Common stock -cash dividend	989,268	459,303	\$2.8	\$1.3

Please refer to Note 6.20 for further details on employees' compensation and remuneration to directors.

(18) Operating revenues

Disaggregation of revenue

	2020	2019
Sale of goods	\$25,269,916	\$23,804,322
Timing of revenue recognition:		
At a point in time	\$25,269,916	\$23,804,322

(19) Lease

A. Company as a lessee (applicable to the disclosure requirement under IFRS 16)

The Company leases various properties, including real estate such as land and buildings, machinery and equipment and office equipment. The lease terms range from 1 to 50 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

The carrying amount of right-of-use assets

	31 Dec 2020	31 Dec 2019
Land	\$7,097	\$8,148
Buildings	13,540	13,304
Office equipment	463	336
Total	\$21,100	\$21,788

II. Lease liabilities

	31 Dec 2020	31 Dec 2019
Current	\$6,752	\$6,844
Non-current	14,863	15,241
Total	\$21,615	\$22,085

Please refer to Note 6.21(4) for the interest on lease liabilities recognized during the years ended 31 Dec 2020 and refer to Note 12.5 Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 Dec 2020.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2020	2019(Note)
Land	\$856	\$1,100
Buildings	5,914	5,928
Office equipment	173	205
Total	<u>\$6,943</u>	<u>\$7,233</u>

(c) Income and costs relating to leasing activities

	2020	2019(Note)
The expenses relating to short-term leases	<u>\$137</u>	<u>\$220</u>

(d) Cash outflow relating to leasing activities

During the year ended 31 December 2020, the Company's total cash outflows for leases amounting to \$6,128 thousand.

B. Operating lease commitments – Company as a lessor (applicable to the disclosure requirement in IFRS 16)

Please refer to Note 6.18 for relevant disclosure of the Company's own occupied investment property. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	2020	2019
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$6,099</u>	<u>\$6,504</u>

Please refer to Note 6.8 for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of 31 December 2020 are as follow:

	31 Dec 2020	31 Dec 2020
Not later than one year	\$5,196	\$2,520
Later than one year and not later than five years	2,520	—
Total	<u>\$7,716</u>	<u>\$2,520</u>

(20) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function Nature	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$94,750	\$540,594	\$635,344	\$69,980	\$535,709	\$605,689
Labor and health insurance	\$7,860	\$38,575	\$46,435	\$6,177	\$37,465	\$43,642
Pension	\$4,595	\$23,683	\$28,278	\$3,520	\$23,142	\$26,662
Remuneration to directors	—	\$36,565	\$36,565	—	\$19,085	\$19,085
Other employee benefits expense	\$9,942	\$33,938	\$43,880	\$7,926	\$32,725	\$40,651
Depreciation	\$21,048	\$45,927	\$66,975	\$21,366	\$40,431	\$61,797
Amortization	—	\$27,571	\$27,571	—	\$20,862	\$20,861

The number of the Company's employees were 623 and 611, including 9 and 9 non-employee directors as of December 31, 2020 and December 31, 2019, respectively.

- A. The Company's average employee benefit expenses for the years ended December 31, 2020 and 2019 were NT\$1,228 thousand and NT\$1,190 thousand, respectively.
- B. The Company's average employee salary expenses for the years ended December 31, 2020 and 2019 were NT\$1,035 thousand and NT\$1,006 thousand, respectively.
- C. The Company's average employee salary adjustment for the year ended December 31, 2020 increased by 2.85%.
- D. The Company has set up the audit committee for replace for the supervisor, so the supervisor's remuneration for the years ended December 31, 2020 and 2019 were NT\$0 thousand and NT\$1,991 thousand, respectively.

According to the Company's Articles of Incorporation, no less than 3% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the current year, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2020 to be NT\$84,863 thousand and NT\$36,370 thousand, respectively. The Company estimated the amounts of employees' compensation and remuneration to directors and supervisors for the year ended 31 December, 2019 to be NT\$44,098 thousand and NT\$18,899 thousand, respectively. The aforementioned amounts were recognized as employee benefits expense. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price of the day before the Board of Directors meeting. The difference between the estimation and the resolution of the stockholder's meeting will be recognized in profit or loss in the subsequent year.

A resolution was passed at a Board of Directors meeting held on 23 March, 2021 to distribute NT\$84,863 and NT\$36,370 in cash as employees' compensation and remuneration to directors and supervisors of 2020, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and audit committee for the year ended 31 December, 2019.

(21) Non-operating income and expenses

A. Interest income

	2020	2019
Interest on Cash from banks	\$4,168	\$5,357
Financial assets measured at amortized cost	154	706
Others	11	2,274
Total	<u>\$4,333</u>	<u>\$8,337</u>

B. Other income

	2020	2019
Rental income	\$6,099	\$6,504
Others	129,654	30,409
Total	<u>\$135,753</u>	<u>\$36,913</u>

C. Other gains and losses

	2020	2019
Gains on disposal of property, plant and equipment	\$2,132	\$10,136
Foreign exchange gains, net	46,880	17,889
Others	(19,489)	(11,685)
Total	<u>\$29,523</u>	<u>\$16,340</u>

D. Finance costs

	2020	2019
Interest on bonds payable	\$5,360	—
Interest on borrowings from bank	89,950	\$139,437
Interest on lease liabilities	521	671
Total	<u>\$95,831</u>	<u>\$140,108</u>

(22) Components of other comprehensive income

For the year ended 31 December 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$602	—	\$602	(\$120)	\$482
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	16,808	—	16,808	—	16,808
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	69,675	—	69,675	(2,870)	66,805
Share of other comprehensive income of associates accounted for using the equity method	(1,750)	—	(1,750)	—	(1,750)
Total of other comprehensive income	<u>\$85,335</u>	<u>—</u>	<u>\$85,335</u>	<u>(\$2,990)</u>	<u>\$82,345</u>

For the year ended 31 December 2019

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$10,398	—	\$10,398	(\$2,079)	\$8,319
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	1,071	—	1,071	—	1,071
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(469,199)	—	(469,199)	61,277	(407,922)
Share of other comprehensive income of associates accounted for using the equity method	(439)	—	(439)	—	(439)
Total of other comprehensive income	<u>(\$458,169)</u>	<u>—</u>	<u>(\$458,169)</u>	<u>\$59,198</u>	<u>(\$398,971)</u>

(23) Income tax

The major components of income tax expense are as follows:

A. Income tax expense recognized in profit or loss

	2020	2019
Current income tax expense:		
Current income tax charge	\$288,764	\$230,719
Adjustments in respect of current income tax of prior periods	—	(9,891)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	94,493	(6,811)
Total income tax expense	<u>\$383,257</u>	<u>\$214,017</u>

B. Income tax relating to components of other comprehensive income

	2020	2019
Deferred tax (income):		
Remeasurements of defined benefit plans	\$120	\$2,079
Share of other comprehensive income of associates accounted for using the equity method	2,870	(61,277)
Income tax relating to components of other comprehensive income	<u>\$2,990</u>	<u>(\$59,198)</u>

C. A reconciliation between income tax expense and income before tax at applicable tax rate was as follows:

	2020	2019
Accounting profit before tax from continuing operations	<u>\$2,299,103</u>	<u>\$1,171,986</u>
At statutory income tax rate	459,821	234,283
Tax effect of expenses not deductible for tax purposes	(42,163)	(22,705)
Surtax on undistributed retained earnings	195	11,152
Adjustments in respect of current income tax of prior periods	<u>(34,596)</u>	<u>(8,713)</u>
Total income tax expense recognized in profit or loss	<u>\$383,257</u>	<u>\$214,017</u>

D. Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2020

	Beginning balance as of 1 Jan 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income recognized in other comprehensive income	Deferred tax (expense) charged directly to equity	Ending balance as of 31 December 2020
Temporary differences					
Allowance for bad debts	\$11,161	\$5,723	—	—	\$16,884
Allowance for losses on inventory	33,290	(7,087)	—	—	26,203
Unrealized profit on intercompany sales	41,162	74,738	—	—	115,900
Unrealized exchange (losses)	7,843	2,375	—	—	10,218
Investments accounted for under the equity method	(668,741)	(219,546)	(\$2,870)	—	(891,157)
Net defined benefit liabilities, noncurrent	1,477	(311)	(120)	—	1,046
Others	245,994	49,615	—	—	295,609
Deferred tax (expense)/ income		<u>\$94,493</u>	<u>(\$2,990)</u>	<u>—</u>	
Net deferred tax (liabilities)	<u>(\$327,814)</u>				<u>(\$425,297)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$583,492</u>				<u>\$695,853</u>
Deferred tax liabilities	<u>\$911,306</u>				<u>(\$1,121,150)</u>

For the year ended 31 December 2019

	Beginning balance as of 1 Jan 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income recognized in other comprehensive income	Deferred tax (expense) charged directly to equity	Ending balance as of 31 December 2020
Temporary differences					
Allowance for bad debts	\$10,697	\$464	—	—	\$11,161
Allowance for losses on inventory	10,167	23,123	—	—	33,290
Unrealized profit on intercompany sales	12,656	28,506	—	—	41,162
Unrealized exchange (losses)	1,114	6,729	—	—	7,843
Investments accounted for under the equity method	(623,127)	(106,891)	\$61,277	—	(668,741)
Net defined benefit liabilities, noncurrent	3,798	(242)	(2,079)	—	1,477
Others	190,873	55,121	—	—	245,994
Deferred tax (expense)/ income		<u>\$6,810</u>	<u>\$59,198</u>	<u>—</u>	
Net deferred tax (liabilities)	<u>(\$393,822)</u>				<u>(\$327,814)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$408,505</u>				<u>\$583,492</u>
Deferred tax liabilities	<u>(\$802,327)</u>				<u>(\$911,306)</u>

E. The assessment of income tax returns

The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	2020		
		Number of shares (shares in thousands)	Earnings per share
Amount			
Basic earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,915,846	353,310	<u>\$5.42</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	1,284	
Diluted earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$1,915,846</u>	<u>354,594</u>	<u>\$5.40</u>
2019			
		Number of shares (shares in thousands)	Earnings per share
Amount			
Basic earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$957,969	353,310	<u>\$2.71</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	1,120	
Diluted earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$957,969</u>	<u>354,430</u>	<u>\$2.70</u>

7. Related party transactions

(1) Related parties of the company

<u>Related parties</u>	<u>Relationship</u>
AVC INTERNATIONAL (SAMOA) CO., LTD.	Subsidiary
AVC AMERICA, INC.	Subsidiary
MERIT TRADING CORPORATION	Subsidiary
RAYNEY INTERNATIONAL LTD.	Subsidiary
TONBRIDGE INVESTMENTS LTD.	Subsidiary
JADS CORPORATION (HK) LTD.	Subsidiary
ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Subsidiary
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	Subsidiary
ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	Subsidiary
FOSITEK CORP.	Subsidiary
D-MAX TECHNOLOGY CO., LTD.	Subsidiary

(2) Significant transactions with the related parties

A. Sales

	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$839,788</u>	<u>\$765,973</u>

The sales prices and collection terms to related parties were not significantly different from those of sales to non-related parties. The sales price to other related parties was determined through mutual agreement in reference to market conditions.

B. Purchases

	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$23,167,986</u>	<u>\$22,668,417</u>

The payment terms from the related party suppliers are comparable with third party suppliers.

C. Account receivable -related parties

	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
Subsidiaries	<u>\$161,471</u>	<u>\$332,497</u>

D. Account payable –related parties

	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
Subsidiaries	<u>\$7,591,758</u>	<u>\$7,626,634</u>

E. Other receivable –related parties

(a) Non-Financing :

	31 Dec 2020	31 Dec 2019
Subsidiaries	\$11,313	\$53,125

(b) Financing

2020						
Name of the related parties	Maximum Balance	Ending Balance	Actual amount provided	Interest rate range	Total interest income	Interest receivable
Subsidiaries	—	—	—	—	—	—

2019						
Name of the related parties	Maximum Balance	Ending Balance	Actual amount provided	Interest rate range	Total interest income	Interest receivable
Subsidiaries	\$100,000	—	—	2.50%	115	—

F. Endorsement/Guarantee provided to others

	31 Dec 2020	31 Dec 2019
Subsidiaries	\$4,113,723	\$4,924,214

G. Key management personnel compensation

	2020	2019
Short-term employee benefits	\$34,101	\$24,454
Post-employment benefits	621	540
Subsidiaries	\$34,722	\$24,994

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

Assets pledged for security	Carrying amount	
	31 Dec 2020	31 Dec 2019
Financial assets measured at amortized costs, current	\$279,788	\$15,690
Land	88,235	88,235
Buildings	105,664	108,739
Investment property	51,871	54,246
Refundable deposits	2,800	2,800
Total	\$528,358	\$269,710

9. Significant contingencies and unrecognized contractual commitments

(1) Legal claim contingency : None

(2) Other

A. The Company guaranteed a deposit for customs in the amount of NT\$2,500 thousand and NT\$300 thousand from Bank of Taiwan and Taiwan Cooperative Bank, respectively.

B. Please refer to Note 7.6 for Endorsement/Guarantee provided to related parties for the year ended 2020.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Financial instruments

(1) Categories of financial instruments

Financial assets

	31 Dec 2020	31 Dec 2019
Financial assets at fair value through other comprehensive income	\$2,423	\$9,423
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	5,069,361	3,004,419
Financial assets measured at amortized cost	279,788	15,690
Amounts receivables	1,430,888	4,611,654
Subtotal	6,780,037	7,631,763
Total	\$6,782,460	\$7,641,186

Financial liabilities

	31 Dec 2020	31 Dec 2019
Financial liabilities at amortized cost:		
Short-term loans	\$700,000	\$630,000
Short-term notes and bills payable	—	100,000
Amounts payables	8,974,633	8,834,302
Corporate bonds payable (including current portion)	2,400,000	—
Long-term loans (including current portion)	3,784,618	5,910,833
Lease liabilities (including current portion)	21,615	22,085
Total	\$15,880,866	\$15,497,220

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore forming a natural hedge. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

- (a) When NTD strengthens/weakens against USD by 1%, the profit for 2020 and 2019 is decreased/increased by NT\$12,801 thousand and NT\$801 thousand, respectively.
- (b) When NTD strengthens/weakens against RMB by 1%, the profit for 2020 and 2019 is decreased/increased by NT\$200 thousand and NT\$352 thousand, respectively.

B. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period could cause the profit for 2020 and 2019 to decrease/increase by NT\$1,531 thousand and NT\$3,616 thousand, respectively.

C. Equity price risk

The fair value of the Company's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities are classified as financial assets at fair value through other comprehensive income.

The equity price sensitivity analysis is based on fair value changes as at the end of the reporting period. For the years ended 31 December 2020 and 2019, a change of 5% in the price classified as equity instruments investments measured at fair value through other comprehensive income could cause the other comprehensive income to increase/decrease by NT\$121 thousand and NT\$121 thousand, respectively.

Please refer to Note 12.8 for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2020 and 2019, amounts receivables from top ten customers represent 86.21% and 72% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 year	Total
As of 31 December 2020					
Loans	\$2,013,286	\$1,982,061	\$493,270	—	\$4,488,617
Short-term notes and bills payable	\$5,360	—	\$2,400,000	—	\$2,405,360
Amounts payables	\$8,965,274	—	—	—	\$8,965,274
Lease liabilities	\$6,752	\$9,923	\$1,787	\$3,153	\$21,615

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 year	Total
As of 31 December, 2019					
Loans	\$2,901,856	\$3,629,166	\$120,000	—	\$6,651,022
Short-term notes and bills payable	\$100,000	—	—	—	\$100,000
Amounts payables	\$8,824,112	—	—	—	\$8,824,112
Lease liabilities	\$6,844	\$9,419	\$1,730	\$4,092	\$22,085

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for 2020:

	Short-term borrowings	Short-term notes and bills payable	Bonds payable	Long-term borrowings
As at 1 Jan. 2020	\$630,000	\$100,000	—	\$5,910,833
Cash flows	70,000	(100,000)	\$2,400,000	(2,126,215)
Non-cash changes	—	—	—	—
As at 31 Dec. 2020	\$700,000	—	\$2,400,000	\$3,784,618

	Lease liabilities	Guarantee deposits	Total liabilities from financing activities
As at 1 Jan. 2020	\$22,085	\$11,966	\$6,674,884
Cash flows	5,991	(11,040)	238,736
Non-cash changes	(6,461)	—	(6,461)
As at 31 Dec. 2020	\$21,615	\$926	\$6,907,159

Reconciliation of liabilities for 2019:

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Guarantee deposits	Total liabilities from financing activities
As at 1 Jan. 2019	\$200,000	—	\$5,142,220	\$19	\$10,566	\$5,352,805
Cash flows	430,000	\$100,000	768,613	6,918	1,400	1,306,931
Non-cash changes	—	—	—	15,148	—	15,148
As at 31 Dec. 2019	\$630,000	\$100,000	\$5,910,833	\$22,085	\$11,966	\$6,674,884

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date
- Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of financial assets and financial liabilities measured at amortized cost approximate their fair value due to their short maturities.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	—	—	\$2,423	\$2,423

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	—	—	\$9,423	\$9,423

C. Reconciliation for fair value measurements in Level 3 is as follows:

	Financial assets at fair value through other comprehensive income
As at 1 Jan. 2020	\$9,423
Unrealized (losses) from equity instruments investments measured at fair value through other comprehensive income	15,220
Disposals	(22,220)
As at 31 Dec. 2020	\$2,423

	Financial assets at fair value through other comprehensive income
As at 1 Jan. 2019	\$9,423
Unrealized (losses) from equity instruments investments measured at fair value through other comprehensive income	—
As at 31 Dec. 2019	\$9,423

D. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed:

The fair value of long-term loans is determined using discounted cash flow model, based on the Company's current incremental borrowing rates of similar loans.

	Level 1	Level 2	Level 3	Carrying amount
As at 31 December 2020	—	\$3,784,618	—	\$3,784,618
Long-term borrowings (including current portion with maturity less than 1 year)				
As at 31 December 2019	—	\$5,910,833	—	\$5,910,833
Long-term borrowings (including current portion with maturity less than 1 year)				

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	31 December 2020		
	Foreign currencies (in thousands)	Foreign exchange rate	NT\$ (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$245,431.12	28.4800	\$6,989,878
RMB	\$4,561.39	4.3770	\$19,965
Investments accounted for under the equity method			
USD	\$484,486.80	28.4800	\$13,798,184
<u>Financial liabilities</u>			
Monetary items:			
USD	\$290,377.10	28.4800	\$8,269,940
RMB	—	4.3770	—

	31 December 2019		
	Foreign currencies (in thousands)	Foreign exchange rate	NT\$ (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$267,669.05	29.9800	\$8,024,718
RMB	\$10,410.39	4.3050	\$44,817
Investments accounted for under the equity method			
USD	\$425,001.07	29.9800	\$12,741,532
<u>Financial liabilities</u>			
Monetary items:			
USD	\$269,059.94	29.9800	\$8,066,417
RMB	\$2,222.34	4.3050	\$9,567

The Company's functional currency are various, and hence is not able to disclose the information of exchange gains and losses by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains were NT\$46,880 thousand and NT\$17,889 thousand for the years ended December 31, 2020 and 2019, respectively.

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, returning capital to shareholders or issuing new shares.

13. Other disclosure

(1) Information at significant transactions and on investees

- A. Financing provided to others for the year ended 31 December 2020: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended 31 December 2020: Please refer to Attachment 2.
- C. Securities held as of 31 December 2020: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lowers of NT\$300 million or 20% of the capital stock for the year ended 31 December 2020: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock for the year ended 31 December 2020: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock for the year ended 31 December 2020: None.

- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of the capital stock for the year ended 31 December 2020: Please refer to Attachment 4.
 - H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of 31 December 2020: Please refer to Attachment 5.
 - I. Direct or indirect significant influence or control over the investees for the year ended 31 December 2020 (excluding investments in China): Please refer to Attachment 6.
 - J. Financial instruments and derivative transactions: None
- (2) Information on investments in mainland China
- A. Information on investments in mainland China : Please refer to Attachment 7.
 - B. Significant transactions with the investee companies in China directly or indirectly through the third area and the relevant prices, payment terms and unrealized gains and losses:
 - (a)Purchase, ending balance of related payables and their weightings: Please refer to Attachment 4.
 - (b)Sales, the ending balance of related receivables and their weightings: Please refer to Attachment 4.
 - (c)Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to Attachment 2.
 - (d)Transactions that have significant impact on the profit or loss of current period or the financial position: None.
- (3) Information of major shareholders: Please refer to Attachment 8.

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

FINANCING PROVIDED TO OTHERS

TABLE 1

No (Note 1)	Financing Company	Counter-party	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 9)	Amount Actually Drawn	Interest Rate	Nature of Financing (Note 4)	Transaction Amounts (Note 5)	Reason for Financing (Note 6)	Allowance for Doubtful Accounts	Collateral		Financing Limits for Each Borrower	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
1	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	AVC PRECISION, CO., LTD.	Other receivables	Yes	\$372,047 (CNY85,000 thousand)	\$372,047 (CNY85,000 thousand)	—	3.00%	2	—	Operating capital	—	—	—	\$2,115,319	\$4,230,639	(Note 7)
2	AVC INTERNATIONAL (SAMOA) CO., LTD.	AVC PRECISION, CO., LTD.	Other receivables	Yes	\$284,800 (USD10,000 thousand)	\$284,800 (USD10,000 thousand)	\$142,400 (USD5,000 thousand)	3.00%	2	—	Operating capital	—	—	—	\$2,115,319	\$4,230,639	(Note 7)
3	WUCHIDA INTERNATIONAL CO.,LTD.	(JIASHAN)D-MAX ELECTRONICS CO.,LTD.	Other receivables	Yes	\$56,960 (USD2,000 thousand)	\$56,960 (USD2,000 thousand)	—	2.00%	2	—	Operating capital	—	—	—	\$2,115,319	\$4,230,639	(Note 7)
4	D-MAX TECHNOLOGY CO., LTD.	WUCHIDA INTERNATIONAL CO., LTD.	Other receivables	Yes	\$71,200 (USD2,500 thousand)	\$71,200 (USD2,500 thousand)	\$71,200 (USD2,500 thousand)	2.00%	2	—	Operating capital	—	—	—	\$158,147	\$158,147	(Note 8)
5	FOSITEK CORP.	FIRST DOME CORP TELECOM.,LTD.	Other receivables	Yes	\$150,000	\$150,000	\$142,400 (USD5,000 thousand)	3.00%	2	—	Operating capital	—	—	—	\$354,584	\$354,584	(Note 9)
6	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	AVC PRECISION, CO., LTD.	Other receivables	Yes	\$218,851 (CNY50,000 thousand)	\$218,851 (CNY50,000 thousand)	\$218,851 (CNY50,000 thousand)	3.00%	2	—	Operating capital	—	—	—	\$2,115,319	\$4,230,639	(Note 7)

Note 1：Companies are coded as follows：

- (1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".
- (2) The investees are coded from "1" in the order presented in the table above.

Note 2：Receivables from affiliates and related parties, shareholder transactions, prepayments and temporary payments etc. are required to be disclosed in this field if they are financings provided to others.

Note 3：The maximum balance of financing provided to others for the year ended December 31, 2020.

Note 4：Nature of Financing are coded as follows：

- (1) Business transaction is coded "1".
- (2) Short-term financing is coded "2".

Note 5：If nature of financing is business transaction, the amount of transaction should be disclosed.

Note 6：With respect to short-term financing, the reasons of financing and the purpose of use by the counter-party shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7：For foreign companies of which the Company holds, directly and indirectly, 100% of the voting shares, the financing provided to any single entity shall not exceed 20% of the net worth. Total financing shall not exceed 40% of the net worth.

Note 8：D-MAX TECHNOLOGY CO., LTD.：The financing provided to any single entity shall not exceed 40% of the net worth. Total financing shall not exceed 40% of the net worth.

Note 9：FOSITEK CORP.：The financing provided to any single entity shall not exceed 40% of the net worth. Total financing shall not exceed 40% of the net worth.

Note 10：If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved (before any drawing) shall be the publicly-announced balance to disclose the risk they assume; provided however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year, to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayment may be made subsequently, as drawings are likely to happen, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 11：All the above transactions were eliminated on consolidation.

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

TABLE 2

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party(Note 3&4)	Maximum Balance for the Period (Note 5)	Ending Balance (Note 6)	Amount Actually Drawn (Note 7)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 8)	Endorsement provided by subsidiaries to parent company (Note 8)	Endorsement provided to subsidiaries in China (Note 8)	Note
		Name	Nature of Relationship (Note 2)											
0	ASIA VITAL COMPONENTS CO.,LTD	D-MAX TECHNOLOGY CO., LTD.	2	\$2,115,319	\$40,000	—	—	—	—	\$15,864,898	Y	N	N	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC INTERNATIONAL CO., LTD.-SAMOA	2	\$10,576,598	\$142,400 (USD5,000 thousand)	—	—	—	—	\$15,864,898	Y	N	N	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	MACE TECH CORP.	2	\$10,576,598	\$1,033,824 (USD36,300 thousand)	—	—	—	—	\$15,864,898	Y	N	N	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	MERIT TRADING CORPORATION	2	\$10,576,598	\$512,640 (USD18,000 thousand)	\$512,640 (USD18,000 thousand)	—	—	4.85%	\$15,864,898	Y	N	N	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC INTERNATIONAL (SAMOA) CO., LTD.	2	\$10,576,598	\$1,281,600 (USD45,000 thousand)	\$1,139,200 (USD40,000 thousand)	—	—	10.77%	\$15,864,898	Y	N	N	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC PRECISION, CO., LTD.	2	\$10,576,598	\$591,192 (USD10,000 thousand) (CNY70,000 thousand)	\$591,192 (USD10,000 thousand) (CNY70,000 thousand)	\$284,800 (USD10,000 thousand)	—	5.59%	\$15,864,898	Y	N	Y	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC OPTICS (WUHAN) CORP.	2	\$10,576,598	\$854,400 (USD30,000 thousand)	\$712,000 (USD25,000 thousand)	\$569,600 (USD20,000 thousand)	—	6.73%	\$15,864,898	Y	N	Y	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	2	\$10,576,598	\$1,158,691 (USD33,000 thousand) (CNY50,000 thousand)	\$1,158,691 (USD33,000 thousand) (CNY50,000 thousand)	\$655,040 (USD23,000 thousand)	—	10.96%	\$15,864,898	Y	N	Y	(Note 3)

Note 1：Companies are coded as follows:

- (1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".
- (2) The investees are coded from "1" in the order presented in the table above.

Note 2：The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types：

- (1) A company that has a business relationship with AVC.
- (2) A subsidiary in which AVC holds directly over 50% of common equity interest.
- (3) An investee in which AVC and its subsidiaries jointly hold over 50% of common equity interest.
- (4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.
- (5) A company that has provided guarantees to AVC, and vice versa, due to contractual requirements.
- (6) A company in which AVC jointly invests with other shareholders, and for which AVC has provided endorsement/guarantee in proportion to its shareholding percentage.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursunat to the Consumer Protection Act for each other.

Note 3：ASIA VITAL COMPONENTS CO.,LTD.：The aggregate amount of endorsements/guarantees for any single entity shall not exceed 20% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth.

The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note 4：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.,AVC PRECISION, CO., LTD.：

The amount of guarantees/endorsements provided to any single entity shall not exceed USD200 million dollars.

Note 5：Maximum balance of endorsements/guarantees provided to others for current period.

Note 6：The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note 7：The company which endorsements/guarantees by AVC should disclosed the amount actually drawn within ending balance.

Note 8：Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

(Continued)

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3&4)	Maximum Balance for the Period (Note 5)	Ending Balance (Note 6)	Amount Actually Drawn (Note 7)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 8)	Endorsement provided by subsidiaries to parent company (Note 8)	Endorsement provided to subsidiaries in China (Note 8)	Note
		Name	Nature of Relationship (Note 2)											
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD. AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	4	\$5,696,000 (USD200,000 thousand)	\$306,392 (CNY70,000 thousand)	\$306,392 (CNY70,000 thousand)	\$105,598 (CNY24,125 thousand)	—	3.87%	\$5,696,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD. ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	AVC PRECISION, CO., LTD.	4	\$5,696,000 (USD200,000 thousand)	\$350,162 (CNY80,000 thousand)	\$350,162 (CNY80,000 thousand)	\$123,900 (CNY28,307 thousand)	—	4.05%	\$5,696,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD. ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. AVC PRECISION, CO., LTD.	4	\$5,696,000 (USD200,000 thousand)	\$919,176 (CNY210,000 thousand)	\$437,703 (CNY100,000 thousand)	\$221,944 (CNY50,707 thousand)	\$328,277 (CNY75,000 thousand)	4.63%	\$5,696,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	4	\$5,696,000 (USD200,000 thousand)	\$218,851 (CNY50,000 thousand)	\$218,851 (CNY50,000 thousand)	\$196,966 (CNY45,000 thousand)	—	7.77%	\$5,696,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD. ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	4	\$5,696,000 (USD200,000 thousand)	\$656,554 (CNY150,000 thousand)	\$656,554 (CNY150,000 thousand)	\$330,689 (CNY75,551 thousand)	—	9.24%	\$5,696,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	4	\$5,696,000 (USD200,000 thousand)	\$787,865 (CNY180,000 thousand)	\$787,865 (CNY180,000 thousand)	\$437,587 (CNY99,974 thousand)	—	18.77%	\$5,696,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	AVC OPTICS (WUHAN) CORP.		\$5,696,000 (USD200,000 thousand)	\$656,554 (CNY150,000 thousand)	\$656,554 (CNY150,000 thousand)	\$8,659 (CNY1,978 thousand)	—	23.31%	\$5,696,000 (USD200,000 thousand)	N	N	Y	
2	ASIA VITAL COMPONENTS (CHINA) CO., LTD. ASIA VITAL COMPONENTS (CHENGDU) CO., LTD. AVC OPTICS (WUHAN) CORP.	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	4	\$5,696,000 (USD200,000 thousand)	\$525,243 (CNY120,000 thousand)	\$525,243 (CNY120,000 thousand)	\$319,649 (CNY73.029 thousand)	—	6.24%	\$5,696,000 (USD200,000 thousand)	N	N	Y	(Note 4)
2	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	4	\$5,696,000 (USD200,000 thousand)	\$350,162 (CNY80,000 thousand)	\$350,162 (CNY80,000 thousand)	\$213,346 (CNY48,742 thousand)	—	8.17%	\$5,696,000 (USD200,000 thousand)	N	N	Y	(Note 4)

Note 1：Companies are coded as follows:

- (1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".
- (2) The investees are coded from "1" in the order presented in the table above.

Note 2：The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types：

- (1) A company that has a business relationship with AVC.
- (2) A subsidiary in which AVC holds directly over 50% of common equity interest.
- (3) An investee in which AVC and its subsidiaries jointly hold over 50% of common equity interest.
- (4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.
- (5) A company that has provided guarantees to AVC, and vice versa, due to contractual requirements.
- (6) A company in which AVC jointly invests with other shareholders, and for which AVC has provided endorsement/guarantee in proportion to its shareholding percentage.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursunat to the Consumer Protection Act for each other.

Note 3：ASIA VITAL COMPONENTS CO.,LTD.：The aggregate amount of endorsements/guarantees for any single entity shall not exceed 20% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's net worth.

The overall amount of guarantees/endorsements shall not exceed 150% of the Company's net worth.

Note 4：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., AVC OPTICS (WUHAN) CORP., LTD., ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD., AVC PRECISION, CO., LTD.：

The amount of guarantees/endorsements provided to any single entity shall not exceed USD200 million dollars.

Note 5：Maximum balance of endorsements/guarantees provided to others for current period.

Note 6：The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note 7：The company which endorsements/guarantees by AVC should disclosed the amount actually drawn within ending balance.

Note 8：Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES)

TABLE 3

Name of Held Company	Type and name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2020			
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership	Market Value
ASIA VITAL COMPONENTS CO.,LTD	Not listed (OTC) stocks						
	SENTELIC CORPORATION	—	Financial assets measured at fair value through other comprehensive income, noncurrent	509	\$2,423	1.69%	\$2,423
	RTR-TECH TECHNOLOGY CO., LTD.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	14,000	—	19.42%	—
	APTOS TECHNOLOGY INC.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	1,124	—	1.27%	—
	UBIQCONN TECHNOLOGY, INC.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	2,500	—	6.10%	—
MERIT TRADING CORPORATION	Not listed (OTC) stocks						
	FURUKAWA ELECTRIC (SHENZHEN) CO., LTD.	Other related parties	Financial assets measured at fair value through other comprehensive income, noncurrent	(Note)	\$89,415	9.06%	\$89,415
MACE TECH CORP.	Not listed (OTC) stocks						
	SHENG-SHING CORP.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	703	\$9,611	14.06%	\$9,611
ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Not listed (OTC) stocks						
	SHENZHEN TIMELINK TECHNOLOGY CO., LTD.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	2,273	—	10.80%	—

Note : None amount of shares is issued publicly by Limited Company.

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

TABLE 4

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
ASIA VITAL COMPONENTS CO., LTD	AVC INTERNATIONAL (SAMOA) CO., LTD.	Subsidiary	Purchases	(\$12,050,909)	(49%)	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$3,026,160)	(37%)	
ASIA VITAL COMPONENTS CO., LTD	MERIT TRADING CORPORATION	Subsidiary	Purchases	(\$6,521,064)	(27%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$2,984,589)	(37%)	
ASIA VITAL COMPONENTS CO., LTD	TONBRIDGE INVESTMENTS LTD.	Subsidiary	Purchases	(\$1,519,133)	(6%)	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$429,846)	(5%)	
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	Subsidiary	Purchases	(\$899,500)	(4%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$356,992)	(4%)	
ASIA VITAL COMPONENTS CO., LTD	WUCHIDA INTERNATIONAL CO., LTD.	Subsidiary	Purchases	(\$830,393)	(3%)	Net 75 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$212,525)	(3%)	
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	Subsidiary	Purchases	(\$653,244)	(3%)	Net 30 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$265,892)	(3%)	
ASIA VITAL COMPONENTS CO., LTD	JADS CORPORATION (HK) LTD.	Subsidiary	Purchases	(\$568,843)	(2%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$310,209)	(4%)	
ASIA VITAL COMPONENTS CO., LTD	AVC AMERICA, INC.	Subsidiary	Sales	\$750,550	3%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$119,853	5%	

(Continued)

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
AVC INTERNATIONAL (SAMOA) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$12,050,909	93%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$3,026,160	88%	
MERIT TRADING CORPORATION	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$6,521,064	88%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$2,984,589	91%	
TONBRIDGE INVESTMENTS LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$1,519,133	75%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$429,846	63%	
ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$899,500	45%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$356,992	39%	
WUCHIDA INTERNATIONAL CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$830,393	88%	Net 75 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$212,525	87%	
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$653,244	8%	Net 30 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$265,892	8%	
JADS CORPORATION (HK) LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$568,843	95%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$310,209	92%	
AVC AMERICA, INC.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Purchases	(\$750,550)	(57%)	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$119,853)	(54%)	

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

TABLE 5

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Allowance for Doubtful Accounts
					Amount	Action Taken		
AVC INTERNATIONAL (SAMOA) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$3,026,160	3.33	—	(Note 1)	—	—
MERIT TRADING CORPORATION	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$2,984,589	2.56	—	(Note 1)	—	—
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$265,892	2.11	—	(Note 1)	—	—
ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$356,992	2.60	—	(Note 1)	—	—
TONBRIDGE INVESTMENTS LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$429,846	4.17	—	(Note 1)	—	—
WUCHIDA INTERNATIONAL CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$212,525	4.89	—	(Note 1)	—	—
JADS CORPORATION (HK) LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$310,209	2.61	—	(Note 1)	—	—

Note 1 : The Company balances its accounts regularly and writes off receivables against payables.

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE COMPANIES (Not including investment in Mainland China)

TABLE 6

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
ASIA VITAL COMPONENTS CO., LTD	AVC INTERNATIONAL CO., LTD. — B.V.I.	Vistra Corporate Services Centre, Wickhams Cay II Road Town Tortola VG1110 Virgin Islands, British	Investment holding	\$5,147,294	\$5,147,294	16	100.00%	\$8,229,670	\$536,751	\$173,802	
	CHIHUNG INTERNATIONAL LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	\$1,040,647	\$1,040,647	32,770	100.00%	\$4,534,352	\$563,860	\$566,341	
	MERIT TRADING CORPORATION	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road ,Apia, Samoa	Trade	\$29,088	\$29,088	892	100.00%	\$170,579	\$1,475	\$1,513	
	RAYNEY INTERNATIONAL LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Trade	\$78,950	\$78,950	2,400	100.00%	\$122,803	(\$2,804)	(\$2,804)	
	AVC AMERICA, INC.	48501 Warm Springs Blvd., Suite #109 Fremont, CA 94539-7750	Trade	\$91,903	\$91,903	41	100.00%	\$114,885	\$24,639	\$24,639	
	AVC INTERNATIONAL (SAMOA) CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Trade	\$10,157	\$10,157	300	100.00%	\$59,458	(\$719)	(\$3,219)	
	JADS CORPORATION (HK) LTD.	FLAT/RM 6 16/F WORKINGBOND COMMERCIAL CENTRE 162-164 PRINCE EDWARD RD WEST MONGKOK KL	Trade	\$327	\$327	10	100.00%	\$14,965	\$1,080	(\$10,747)	
	ZIMAG TECHNOLOGY CO., INC.	No.2-2, Aly. 98, Ln. 800, Zhongshan S. Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Manufacture, process and sales of molds and aluminum products	\$45,000	\$45,000	2,700	9.53%	\$40,112	\$58,934	\$5,706	
	AVC INTERNATIONAL CO., LTD. — SAMOA	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Trade	\$32,120	\$32,120	1,000	100.00%	\$289,235	(\$14,292)	(\$14,292)	
	FOSITEK CORP.	8F.-4, No.24, Wuquan 2nd Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	Sales and manufacture of electronic parts, computers and related products	\$99,118	\$114,215	7,524	19.71%	\$174,721	\$210,385	\$53,074	
	HUNG YE INVESTMENT CO., LTD.	7F.-3, No.24, Wuquan 2nd Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	Investment holding	\$60,000	\$60,000	6,000	100.00%	\$5,395	(\$8,964)	(\$8,964)	
	D-MAX TECHNOLOGY CO., LTD.	7F.-3, No.24, Wuquan 2nd Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	Sales and manufacture of electronic parts and related products	\$201,035	\$201,035	28,500	100.00%	\$395,369	\$93,167	\$93,263	
	AVC EUROPE TECHNOLOGY GMBH	Bismarckstraße 100 (c/o Regus Mönchengladbach City Center), 41061 Mönchengladbach	Trade	\$9,050	\$9,050	250	100.00%	\$8,826	\$189	\$189	
	AVC TECHNOLOGY (VIETNAM) COMPANY LIMITED	Lot CN05, Dong Van III Supporting Industrial Zone, Dong Van Ward, Duy Tien Town, Ha Nam Province, Vietnam	Sales and manufacture of electronic products	\$253,411	—	—	100.00%	\$253,411	—	—	

(Continued)

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE COMPANIES (Not including investment in Mainland China)

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
AVC INTERNATIONAL CO., LTD.—B.V.I.	MACE TECH CORP.	Vistra Corporate Services Centre, Wickhams Cay II Road Town Tortola VG1110 Virgin Islands,British	Trade	\$319,776	\$319,776	11,068	100.00%	\$1,833,263	\$326,973	\$326,973	
	AVC OPTICS CORP.	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	Investment holding	\$3,128,775	\$3,128,775	100,000	100.00%	\$2,742,227	\$141,328	\$141,328	
CHIHUNG INTERNATIONAL LTD.	TONBRIDGE INVESTMENTS LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	\$101,772	\$101,772	3,000	100.00%	\$231,274	(\$23,101)	(\$23,101)	
HUNG YE INVESTMENT CO., LTD.	KEY APPLICATION TECHNOLOGY CO., LTD.	6F.-5, No.87, Xianzheng 6th Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	Sales and manufacture of electronic products	\$15,300	\$15,300	1,115	16.31%	—	\$29,203	(\$567)	
D-MAX TECHNOLOGY CO., LTD.	WUCHIDA INTERNATIONAL CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	\$132,004	\$132,004	4,000	100.00%	\$302,372	\$119,772	\$119,772	
WUCHIDA INTERNATIONAL CO., LTD.	D-MAX INTERNATIONAL CO., LIMITED	FLAT/RM6 16F WORKINGBOND COMMERCIAL CENTRE 162-164 PRINCE EDWARD ROAD W MONG KOK KL	Investment holding	\$132,004	\$132,004	4,000	100.00%	\$274,411	\$119,423	\$120,869	
FOSITEK CORP.	FOREVER RICH INVESTMENTS CO.,LTD.	8F.-4, No.24, Wuquan 2nd Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	Investment holding	—	—	—	—	—	—	—	(Note)
	MARKETHILL INVESTMENTS LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	\$390,575	\$132,680	13,200	100.00%	\$750,013	\$222,131	\$216,100	(Note)

Note : The company carried out a simple merger with FOREVER RICH INVESTMENTS CO.,LTD., a wholly-owned subsidiary of the company on May 15, 2020. After the merger, the company became the surviving company, and the former subsidiary held by FOREVER RICH INVESTMENTS CO.,LTD. was transferred to the company.

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

INFORMATION ON INVESTMENT IN MAINLAND CHINA

TABLE 7

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method ofInvestment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Percentage of Ownership (Direct or Indirect Investment)	Profits/ Losses of the Investee Company	Share of Profits/Losses	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
						Outflow	Inflow						
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	Sales and manufacture of computers related products and computer cooling fans	\$642,719	(2) AVC INTERNATIONAL CO., LTD. – B.V.I.	\$642,719	—	—	\$642,719	100.00%	(\$71,437)	(\$71,437)	\$2,816,870	—
ASIA VITAL COMPONENTS CO. , LTD	FURUKAWA AVC ELECTRONICS (SUZHOU) CO., LTD.	Sales and manufacture of reflow machines, solder paste printers and notebook thermal modules	\$267,247	(2) RAYNEY INTERNATIONAL LTD.	\$54,176	—	—	\$54,176	30.00%	(\$9,483)	(\$2,845)	\$92,085	—
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (SHANGHAI) CO.,LTD.	Sales and manufacture of notebook thermal modules	\$200,073	(2) CHIHUNG INTERNATIONAL LTD.	\$101,772	—	—	\$101,772	100.00%	(\$23,109)	(\$23,109)	\$229,523	—
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	Sales and manufacture of computers, electronic products and related parts	\$514,105	(2) AVC INTERNATIONAL CO., LTD. – B.V.I.	\$319,776	—	—	\$319,776	100.00%	\$430,674	\$430,127	\$1,541,032	—
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Sales and manufacture of computers related products and computer cooling fans	\$879,291	(2) CHIHUNG INTERNATIONAL LTD.	\$879,291	—	—	\$879,291	100.00%	\$584,611	\$584,611	\$4,288,467	—
ASIA VITAL COMPONENTS CO. , LTD	FURUKAWA ELECTRIC (SHENZHEN) CO., LTD.	Sales and manufacture of automobile parts	\$321,060	(2) MERIT TRADING CORPORATION	\$29,088	—	—	\$29,088	9.06%	\$194,218	—	\$89,415	—
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	Sales and manufacture of computers, related parts and accessories	\$1,055,897	(2) AVC INTERNATIONAL CO., LTD. – B.V.I.	\$1,055,897	—	—	\$1,055,897	100.00%	\$142,926	\$142,926	\$1,380,962	—
D-MAX TECHNOLOGY CO., LTD.	(JIASHAN) D-MAX ELECTRONICS CO.,LTD.	Sales and manufacture of electronic and photographic equipment	\$132,004	(2) WUCHIDA INTERNATIONAL CO., LTD.	\$132,004	—	—	\$132,004	100.00%	\$119,423	\$119,423	\$274,065	—
ASIA VITAL COMPONENTS CO. , LTD	AVC OPTICS (WUHAN) CORP.	Sales and manufacture of computers related products and computer cooling fans	\$3,128,775	(2) AVC INTERNATIONAL CO., LTD. – B.V.I.	\$3,128,775	—	—	\$3,128,775	100.00%	\$141,328	\$141,328	\$2,742,216	—
FOSITEK CORP.	FIRST DOME CORP TELECOM.,LTD.	Sales and manufacture of rails, shafts and metal stamping tooling	\$287,809	(2) MARKETHILL INVESTMENTS LTD.	\$29,914	\$257,895	—	\$287,809	100.00%	\$248,120	\$248,120	\$738,369	—
FOSITEK CORP.	DONG GUAN DOWA ELECTRONICS CO.,LTD.	Sales and manufacture of membrane switches	—	(2) MARKETHILL INVESTMENTS LTD.	\$97,879	—	—	\$97,879	—	(\$27,067)	(\$27,067)	—	—

Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$6,729,186 (US\$218,943,010)	\$6,856,583 (US\$240,750,828)	(Note 3)

Note 1 : The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in the third area (Please specify the name of the company in third region).

(3) Others.

Note 2 : The table is expressed in thousands of New Taiwan Dollars.

Note 3 : The Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Note 4 : DONG GUAN DOWA ELECTRONICS CO., LTD. completed the liquidation process in December 2020, but the amount cannot be deducted because the funds are not remitted back to Taiwan.

ASIA VITAL COMPONENTS CO. , LTD PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

Information of major shareholders

TABLE 9

Name	Number of shares (thousand)	Percentage of ownership
FURUKAWA ELECTRIC CO., LTD.	62,245	17.61%
The new labor pension fund of discretionary Cathay Investment account for the second time in 2018.	29,071	8.22%

Note 1 : The main shareholder information in this form is calculated by the collection company, on the last business day of each quarter, that the total information of the common shares and special shares held by shareholders of the company that have completed the non-entity login delivery (including the storage shares) of the company amounts to more than 5%. As for the share capital recorded in the Company's financial report and the number of unregistered shares actually completed by the Company, there may be differences or differences due to the basis for the calculation of the company.

Note 2 : The opening of the information, if the shareholders will share the shares to the trust, is disclosed to the trustees to open a trust account of the individual sub-accounts.

As for the shareholders to handle the internal ownership declaration of more than 10% of the shares in accordance with the Securities Exchange Act, the shareholding of the shareholders includes their own shareholding plus their delivery of the trust and the use of decision-making rights for the trust property, etc., the relevant insider equity declaration information can be found in the Market Observation Post System.

ASIA VITAL COMPONENTS CO., LTD

1. STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Petty Cash		\$15	
Cash on hand		\$15	
Bank deposit			Exchange rate
Time deposits of foreign currency	CNY 4,000 thousand	17,508	4.3770
Checking accounts of NTD		952,157	1.0000
Checking accounts of foreign currency	USD 143,089 thousand	4,075,171	28.4800
Checking accounts of foreign currency	GBP 430 thousand	16,739	38.9000
Checking accounts of foreign currency	CNY 561 thousand	2,457	4.3770
Checking accounts of foreign currency	EUR 48 thousand	1,691	35.0200
Checking accounts of foreign currency	KRW 90,291 thousand	2,384	0.02644
Checking accounts of foreign currency	HKD 330 thousand	1,214	3.6730
Checking accounts of foreign currency	JPY 146 thousand	40	0.2763
Checking accounts of foreign currency	VND 136 thousand	—	0.0012
Subtotal		5,069,361	
Total		\$5,069,376	

ASIA VITAL COMPONENTS CO., LTD

2. STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS, CURRENT

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Pledged deposits		\$279,788	

ASIA VITAL COMPONENTS CO., LTD
3. STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Company A	(Note)	\$433,845	The allowance loss is assessed on the basis of the possibility of recovery
Company B		197,139	
Company C		161,863	
Others		187,084	
Total		979,931	
(Less): loss allowance		(70,056)	
Net		\$909,875	

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD
4. STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES, NET
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
TONBRIDGE INVESTMENTS LIMITED.		\$2,719	The allowance loss is assessed on the basis of the possibility of recovery
AVC AMERICA, INC.		119,853	
WUCHIDA INTERNATIONAL CO.,LTD.		33,040	
AVC INTERNATIONAL (SAMOA) CO.,LTD.		3,770	
JADS CORPORATION (HK) LTD.		1,636	
RAYNEY INTERNATIONAL LTD.		453	
Total		161,471	
(Less): loss allowance		—	
Net		\$161,471	

ASIA VITAL COMPONENTS CO., LTD
5. STATEMENT OF OTHER RECEIVABLE
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Company D	Transferred to other receivable	\$207,649	The allowance loss is assessed on the basis of the possibility of recovery
Company E	Transferred to other receivable	37,606	
Others(Note)		105,483	
Tax refund receivable	Tax	2,095	
Total		352,833	
(Less): loss allowance		(4,604)	
Net		<u>\$348,229</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD
6. STATEMENT OF OTHER RECEIVABLE - RELATED PARTIES
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	Receipts under custody	\$2,392	
ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Receipts under custody	6,174	
AVC AMERICA, INC.	Receipts under custody	1,336	
JADS CORPORATION (HK) LTD.	Receipts under custody	1,093	
Other	Receipts under custody	318	
Total		11,313	
(Less): loss allowance		—	
Net		<u>\$11,313</u>	

ASIA VITAL COMPONENTS CO., LTD

7. STATEMENT OF INVENTORIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Cost	Net Realizable Value	Note
Raw materials	\$84,745	\$82,427	
Finished goods	5,566,221	5,437,524	
Materials and supplies in transit	1,442		
Total	5,652,408	\$5,519,951	
(Less): Allowance for loss on inventory valuation	(131,015)		
Net	\$5,521,393		

ASIA VITAL COMPONENTS CO., LTD

8. STATEMENT OF PREPAYMENTS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Other prepayments	\$24,201	

ASIA VITAL COMPONENTS CO., LTD

9. STATEMENT OF OTHER CURRENT ASSETS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary payments	\$6,227	
Net	\$6,227	

ASIA VITAL COMPONENTS CO., LTD
10. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020

Investees	Balance, January 1, 2020		Additions(Decrease)		Balance, December 31, 2020			Accumulated impairment	Collateral	Note
	Shares (In Thousands)	Fair value	Shares (In Thousands)	Amount	Shares (In Thousands)	Percentage	Amount			
SENTELIC CORPORATION	509	\$2,423	—	—	509	1.69%	\$2,423	NA	—	
ASSEM TECHNOLOGY CO., LTD.	515	7,000	(515)	(\$7,000)	—	—	—	NA	—	
RTR-TECH TECHNOLOGY CO., LTD.	14,000	—	—	—	14,000	19.42%	—	NA	—	
APTOS TECHNOLOGY INC.	1,124	—	—	—	1,124	1.27%	—	NA	—	
UBIQCONN TECHNOLOGY, INC.	2,500	—	—	—	2,500	6.10%	—	NA	—	
Total		<u>\$9,423</u>		<u>(\$7,000)</u>			<u>\$2,423</u>			

ASIA VITAL COMPONENTS CO., LTD
11. STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2020		Additions(Note 1)		Decrease(Note 2)		Investment Income or Loss from Investment Accounted For Using Equity Method	Balance, December 31, 2020			Fair value/Net equity value		Collateral	Note
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	Percentage	Amount	Unit price (NTD)	Total Amount		
AVC INTERNATIONAL CO., LTD. – B.V.I.	16	\$8,033,045	—	\$22,823	—	—	\$173,802	16	100.00%	\$8,229,670	\$532,638.01	\$8,777,859	—	
CHIHUNG INTERNATIONAL LTD.	32,770	3,900,058	—	67,953	—	—	566,341	32,770	100.00%	4,534,352	\$138.38	4,534,669	—	
MERIT TRADING CORPORATION	892	167,327	—	1,739	—	—	1,513	892	100.00%	170,579	\$191.45	170,848	—	
RAYNEY INTERNATIONAL LTD.	2,400	125,288	—	319	—	—	(2,804)	2,400	100.00%	122,803	\$51.17	122,803	—	
AVC AMERICA, INC.	41	95,053	—	—	—	(\$4,807)	24,639	41	100.00%	114,885	\$2,792.06	114,969	—	
AVC INTERNATIONAL (SAMOA) CO., LTD.	300	65,205	—	—	—	(2,528)	(3,219)	300	100.00%	59,458	\$206.55	61,965	—	
JADS CORPORATION (HK) LTD.	10	28,027	—	—	—	(2,315)	(10,747)	10	100.00%	14,965	\$2,679.88	26,799	—	
ZIMAG TECHNOLOGY CO., INC.	2,700	38,857	—	—	—	(4,451)	5,706	2,700	9.53%	40,112	\$15.78	447,077	—	
AVC INTERNATIONAL CO., LTD. – SAMOA	1,000	319,168	—	—	—	(15,641)	(14,292)	1,000	100.00%	289,235	\$289.23	289,235	—	
FOSITEK CORP.	8,670	145,916	—	—	(1,146)	(24,269)	53,074	7,524	19.71%	174,721	\$23.22	886,460	—	
HUNG YE INVESTMENT CO., LTD.	6,000	14,359	—	—	—	—	(8,964)	6,000	100.00%	5,395	\$0.90	5,395	—	
D-MAX TECHNOLOGY CO., LTD.	28,500	300,008	—	2,098	—	—	93,263	28,500	100.00%	395,369	\$13.87	395,369	—	
AVC EUROPE TECHNOLOGY GMBH	250	8,361	—	276	—	—	189	250	100.00%	8,826	\$35.30	8,826	—	
AVC TECHNOLOGY (VIETNAM) COMPANY LIMITED	—	—	—	253,411	—	—	—	—	100.00%	253,411	—	—	—	
Total		<u>\$13,240,672</u>		<u>\$348,619</u>		<u>(\$54,011)</u>	<u>\$878,501</u>			<u>\$14,413,781</u>				

NOTE 1 : Yearly increase mainly including share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates, cash dividends received from subsidiaries and associates, etc.

NOTE 2 : Yearly decrease mainly including share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates, cash dividends received from subsidiaries and associates, etc.

ASIA VITAL COMPONENTS CO., LTD
12. STATEMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Changes			Balance, December 31, 2020	Collateral	Note
		Additions	Decrease	Reclassification adjustments			
Original cost							
Land	\$167,151	—	—	—	\$167,151	Land & Buildings	
Buildings	197,016	—	—	—	197,016		
Machinery and equipment	145,431	\$43,299	(\$23,435)	(\$500)	164,795		
Molding equipment	42,595	487	(22,981)	—	20,101		
Other facilities	215,763	64,212	(10,226)	500	270,249		
Construction in progress and equipment awaiting examination	—	—	—	—	—		
Total	<u>\$767,956</u>	<u>\$107,998</u>	<u>(\$56,642)</u>	<u>—</u>	<u>\$819,312</u>		

ASIA VITAL COMPONENTS CO., LTD
13. STATEMENT OF ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Changes			Balance, December 31, 2020	Note
		Additions	Decrease	Reclassification adjustments		
Buildings	\$73,124	\$5,021	—	—	\$78,145	
Machinery and equipment	102,788	20,309	(\$13,082)	(\$500)	109,515	
Molding equipment	42,383	325	(22,890)	—	19,818	
Other facilities	148,789	32,002	(4,047)	500	177,244	
Total	<u>\$367,084</u>	<u>\$57,657</u>	<u>(\$40,019)</u>	<u>—</u>	<u>\$384,722</u>	

ASIA VITAL COMPONENTS CO., LTD

14.STATEMENT OF RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Additions	Decrease	Balance, December 31, 2020	Note
Land	\$9,248	—	(\$195)	\$9,053	
Buildings	19,232	\$6,535	(1,065)	24,702	
Other facilities	541	283	(37)	787	
Total	\$29,021	\$6,818	(\$1,297)	\$34,542	

ASIA VITAL COMPONENTS CO., LTD

15.STATEMENT OF ACCUMULATED DEPRECIATION AND IMPAIRMENT OF RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Additions	Decrease	Balance, December 31, 2020	Note
Land	\$1,100	\$856	—	\$1,956	
Buildings	5,928	5,589	(\$355)	11,162	
Other facilities	205	158	(39)	324	
Total	\$7,233	\$6,603	(\$394)	\$13,442	

ASIA VITAL COMPONENTS CO., LTD

16. STATEMENT OF INVESTMENT PROPERTY

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Changes			Balance, December 31, 2020	Collateral	Note
		Additions	Decrease	Reclassification adjustments			
Buildings	\$134,495	—	—	—	\$134,495	all	Calculated on a straight-line basis Economic lives: 55~57 year
Accumulated depreciation and impairment - buildings	(80,249)	(\$2,375)	—	—	(82,624)		
Net	\$54,246	(\$2,375)	—	—	\$51,871		

ASIA VITAL COMPONENTS CO., LTD

17. STATEMENT OF INTANGIBLE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Changes			Balance, December 31, 2020	Note
		Additions	Decrease	Reclassification adjustments		
Original cost						Calculated on a straight-line basis
Computer software	\$84,990	\$31,364	—	—	\$116,354	Economic lives: 1~5 year
Patents	3,686	—	—	—	3,686	Economic lives: 5 year
License fee	25,679	—	—	—	25,679	Economic lives: 5~10 year
Total	\$114,355	\$31,364	—	—	\$145,719	

ASIA VITAL COMPONENTS CO., LTD

18. STATEMENT OF ACCUMULATED AMORTIZATION OF INTANGIBLE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Changes			Balance, December 31, 2020	Note
		Additions	Decrease	Reclassification adjustments		
Computer software	\$40,038	\$27,571	—	—	\$67,609	
Patents	3,686	—	—	—	3,686	
License fee	16,981	2,417	—	—	19,398	
Total	\$60,705	\$29,988	—	—	\$90,693	

ASIA VITAL COMPONENTS CO., LTD

19. STATEMENT OF DEFERRED TAX ASSETS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred tax assets		<u>\$695,853</u>	

ASIA VITAL COMPONENTS CO., LTD

20. STATEMENT OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Advance payments in equipments		\$23,126	
Refundable deposits		4,305	
Total		<u>\$27,431</u>	

21. STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Bank Name	Description	Amount	Contract Period	Interest rates applied	Collateral	Note
Land Bank of Taiwan	Short term Working capital	\$300,000	2020.12.11~2021.3.11	0.81%	None	
Bank of China	Short term Working capital	200,000	2020.12.14~2021.1.14	0.82%	None	
Bank of Taiwan	Short term Working capital	50,000	2020.12.18~2021.3.18	0.81%	None	
Export- Import Bank of the Republic of China	Short term Working capital	150,000	2020.12.21~2021.12.21	0.7187%	None	
Total		\$700,000				

ASIA VITAL COMPONENTS CO., LTD

22. STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Company F		\$2,288	
Company G		2,056	
Company H		1,421	
Company I		1,640	
Others (Note)		18,519	
Total		<u>\$25,924</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD
23. STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Company J		\$181,973	
Company K		66,477	
Company L		63,893	
Company M		56,269	
Company N		43,521	
Company O		28,748	
Others(Note)		107,516	
Total		<u>\$548,397</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD
24. STATEMENT OF ACCOUNTS PAYABLE - RELATED PARTIES
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
MERIT TRADING CORPORATION		\$2,984,589	
AVC INTERNATIONAL (SAMOA) CO., LTD.		3,026,160	
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.		265,892	
RAYNEY INTERNATIONAL LTD.		131	
TONBRIDGE INVESTMENTS LIMITED.		429,846	
WUCIHDA INTERNATIONAL CO.,LTD.		212,525	
ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.		356,992	
JADS CORPORATION (HK) LTD.		310,209	
FOSITEK CORP.		5,414	
Total		<u>\$7,591,758</u>	

ASIA VITAL COMPONENTS CO., LTD

25. STATEMENT OF OTHER PAYABLES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Accrued employee benefits expense		\$294,255	
Accrued import and export fees		208,667	
Accrued service fees		103,203	
Others(Note)		194,046	
Total		<u>\$800,171</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD

26. STATEMENT OF OTHER PAYABLES - RELATED PARTIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
AVC EUROPE TECHNOLOGY GMBH	service fees	\$2,992	
JADS CORPORATION (HK) LTD.	Receipts under custody	1,188	
AVC INTERNATIONAL (SAMOA) CO., LTD.	Receipts under custody	3,420	
FOSITEK CORP.	Receipts under custody	467	
Others(Note)		316	
Total		<u>\$8,383</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD

27. STATEMENT OF CURRENT TAX LIABILITIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Current tax liabilities	\$370,142	

ASIA VITAL COMPONENTS CO., LTD

28. STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Temporary receipts	Temporary receipts	\$1,347	
Receipts under custody	Deduction of taxes and benefits	77,686	
Total		<u>\$79,033</u>	

ASIA VITAL COMPONENTS CO., LTD
29. STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Creditor	Type	Balance, December 31, 2020	Amount		Contract Period	Interest rates applied	Collateral	Description
			current portion	non-current portion				
Taiwan Cooperative Bank	Unsecured loans	\$135,000	(\$60,000)	\$75,000	2018.1.23~2023.1.23	0.95%	None	Principal is repaid in 20 quarterly payments with monthly interest payments.
Shanghai Commercial & Savings Bank	Unsecured loans	125,000	(50,000)	75,000	2020.4.15~2023.4.15	1.04%	None	Principal is repaid in 12 quarterly payments with monthly interest payments.
Chang Hwa Bank	Unsecured loans	136,111	(116,666)	19,445	2019.2.18~2022.2.18	1.03%	None	Principal is repaid with monthly interest payments.
Taiwan Business Bank	Unsecured loans	133,334	(100,000)	33,334	2019.4.1~2022.4.1	0.95%	None	Principal is repaid in monthly payments with monthly interest payments.
E. Sun Bank	Unsecured loans	150,000	(100,000)	50,000	2019.5.30~2022.5.30	0.93%	None	Principal is amortized on a quarterly basis, and interest is paid on a monthly basis.
Kgi Bank	Unsecured loans	100,000	(100,000)	—	2020.10.23~2021.1.22	0.9067%	None	Revolving credit for 2 years from the first day of allocation 24 Jun 2019.
Taiwan Cooperative Bank	Unsecured loans	225,000	(60,000)	165,000	2019.9.3~2024.9.3	0.95%	None	Principal is repaid in 20 quarterly payments with monthly interest payments.
Land Bank of Taiwan	Unsecured loans	183,332	(100,001)	83,331	2019.10.18~2022.10.18	0.90%	None	Principal is repaid in monthly payments with interest.
HSBC	Unsecured loans	120,000	(34,286)	85,714	2020.2.24~2023.2.24	1.05%	None	First period begins 18 months after first allocation. Principal is repaid in 7 quarterly payments with monthly interest payments.
Taiwan Business Bank	Unsecured loans	416,667	(125,000)	291,667	2020.4.1~2024.4.1	0.90%	None	Principal is repaid in monthly payments with monthly interest payments.
Taiwan Cooperative Bank	Unsecured loans	270,000	(60,000)	210,000	2020.6.17~2025.6.17	0.95%	None	Principal is repaid in 20 quarterly payments with monthly interest payments.
Jih Sun Bank	Unsecured loans	262,500	(150,000)	112,500	2020.7.7~2022.7.7	1.08%	None	Principal is repaid in 8 quarterly payments with monthly interest payments.
Yuanta Commercial Bank	Unsecured loans	600,000	(120,000)	480,000	2020.9.7~2023.9.7	0.9511%	None	Split loan is available. The first period begins at the expiration date of interest-only. Principal is repaid with monthly interest payments.
Hua Nan Bank	Unsecured loans	377,778	(133,334)	244,444	2020.10.12~2023.10.12	1.02%	None	Principal is repaid in monthly payments with monthly interest payments.
Mega Bank	Unsecured loans	490,000	—	490,000	2020.10.19~2025.10.19	0.9750%	None	First period begins 18 months after first allocation. Principal is repaid in 14 quarterly payments with monthly interest payments.
Bank of Taiwan		59,896	—	59,896	2020.11.12~2025.10.12	1.00%	None	Principal is amortized on a quarterly basis, and interest is paid on a monthly basis.
Total		\$3,784,618	(\$1,309,287)	\$2,475,331				
(Less): current portion		(1,309,287)						
Net		\$2,475,331						

ASIA VITAL COMPONENTS CO., LTD

30.STATEMENT OF LEASE LIABILITIES, CURRENT

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Lease term	Discount rate	Balance, December 31, 2020	Note
Buildings	2018.1.1~2023.12.31	0.2308%	\$13,604	
Land lease	2019.5.1~2029.4.30	0.2308%	7,369	
Wine cellar lease	2018.1.1~2024.4.26	0.2308%	43	
Photocopier lease	2016.12.1~2025.5.31	0.2308%	469	
Staff Dormitory lease	2020.6.1~2022.5.31	0.2308%	130	
Total			\$21,615	
Less: current portion			(6,752)	
Net			<u>\$14,863</u>	

ASIA VITAL COMPONENTS CO., LTD

31. STATEMENT OF DEFERRED TAX LIABILITIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Deferred tax liabilities, noncurrent	\$1,121,150	

ASIA VITAL COMPONENTS CO., LTD

32. STATEMENT OF NET DEFINED BENEFIT LIABILITIES, NONCURRENT

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Balance, January 1, 2019	\$7,382	
List	1,097	
Contribution	(3,848)	
Current actuarial profit and loss	602	
Balance, December 31, 2019	\$5,233	

ASIA VITAL COMPONENTS CO., LTD

33. STATEMENT OF GUARANTEE DEPOSITS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Rent security deposit	\$926	

ASIA VITAL COMPONENTS CO., LTD

34. STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Shipments(PCS)	Amount	Note
3C electronic products	114,385 thousands PCS	\$25,364,701	
(Less): sales return		(67,026)	
Sales discounts and allowances		(27,759)	
Net operating revenue		<u>\$25,269,916</u>	

ASIA VITAL COMPONENTS CO., LTD

35. STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount
Costs of goods sold	
Direct material	
Raw material purchased	\$367,211
Add: raw material, beginning of year	34,405
(Less): raw material, end of year	(84,745)
Raw material sold	(149,591)
Processed	—
Scrapped	(1,042)
Others	(450)
Direct material used	165,788
Direct labor	35,516
Factory overheads	134,012
Manufacturing cost	335,316
Add: work in process, beginning of year	—
(Less): work in process, end of year	—
Cost of finished goods	335,316
Add: finished goods, beginning of year	3,743,047
Finished goods purchased	24,601,126
Others	395,862
(Less): finished goods, end of year	(5,566,221)
Scrapped	(764)
Transferred to manufacturing and operating expenses	(8,881)
Costs of goods sold	23,499,485
(Less): other operating cost	(662,231)
Total	\$22,837,254

ASIA VITAL COMPONENTS CO., LTD
36.STATEMENTS OF SALES AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount
Personnel	\$88,392
Import and export	111,605
Entertainment expense	26,907
Others(Note)	24,082
Total	\$250,986

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD
37.STATEMENTS OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount
Personnel	\$172,402
Social	11,027
Others(Note)	33,415
Total	\$216,844

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD
38.STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount
Personnel	\$412,366
Service	81,925
Depreciations	35,840
Others(Note)	88,264
Total	\$618,395

Note: The amount of each item in others does not exceed 5% of the account balance.

ASIA VITAL COMPONENTS CO., LTD

39. STATEMENT OF NONE-OPERATING INCOME AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Amount
Interest income	\$4,333
Rental income	6,099
Dividend income	763
Others	128,891
Subtotal	135,753
Gains on disposal of property, plant and equipment	2,132
Foreign exchange income, net	46,880
Others	(19,489)
Subtotal	29,523
Financial costs	(95,831)
Share of profit or loss of subsidiaries and associates	878,501
Total	\$952,279