

Bright LED Electronics Corp.
Consolidated financial report and
accountant's audit report

Year of 2020 and 2019

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Notice to readers:

In case of any discrepancy between the English version and the Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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INDEPENDENT AUDITORS' REPORT

(Consolidated Financial Statements)

The Board of Directors and Shareholders
Bright LED Electronics Corp.

Opinion

We have audited the accompanying consolidated financial statements of Bright LED Electronics Corp and subsidiaries. (the “BRTLED group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Inventory valuation

For details of accounting policies, accounting estimations and assumptions, and related disclosures of inventory valuation, please refer to Notes 4 (8), 5 (2) and 6 (4) of the Company's

consolidated financial statements.

The description of key audit matter:

The BRTLED group's amount of inventories is shown as the lower of cost and net realizable value. Because determining the slow moving inventory loss involves subjective judgment on individual assessment of each category of inventory and its idle days, inventory valuation is one of the key audit matters that we conducted.

Corresponding audit procedure included the following:

1. Obtained year-end inventory falling price losses and inventory aging report
2. Compared the difference between the actual selling prices and its book values
3. Evaluated managers' judgment on allowance percentage of inventory aging report whether is reasonable or not, which included the following procedures as well:
 1. Executed audit sampling procedure
 2. Tested the accuracy of the inventory aging report
 3. Compared the difference between last year's allowance and actual write-off
 4. Evaluated the appropriateness of the policy of allowance to reduce inventory and loss from idle inventories.

Revenue Recognition

For details of accounting policies and related disclosures of revenue recognition, please refer to Notes 4 (13) and 6 (18) of the Company's consolidated financial statements.

The description of key audit matter:

The sources of the major operating revenue of the BRTLED group are research and development, productions, and sales of light-emitting diodes indicators and display...etc and contracts of LED display, LED lighting and related operating applications/systems' constructions. Where the BRTLED group's revenues generated from is the concerned factor for this report users or recipients. Hence, revenue recognition is considered as one of the key audit matters.

Corresponding audit procedure included the following:

1. Evaluated appropriateness of accounting policies according to the understanding of the BRTLED group's operation and the characteristics of the industry both acquired by the new IFRS.
2. Tested the design of internal control system and effectiveness of execution.
3. Analyzed and evaluated if there is any major irregularity by inspecting revenues generated

from main customers and new customers.

4. Evaluated accuracy during the period of revenue recognition by inspecting new major contract added in this period and tested sales samples in accordance with its contract terms during a period of time, which is before and after the year end.
5. Checked whether the proportion of project revenue recognized according to the degree of completion of contract obligations is reasonable or not.

Account Receivables Valuation

For details of accounting policies of account receivables valuation, please refer to Notes 4 (7) financial instruments of the BRTLED group's consolidated financial statements; for details of accounting estimates and accounting assumption of uncertainty of account receivables valuation, please refer to Notes 5 (1) of the BRTLED group's consolidated financial statements; for details of explanation on account receivables valuation, please refer to 6 (3) of the BRTLED group's consolidated financial statements.

The description of key audit matter:

Account receivables of BRTLED group are distributed among customers. The account receivables valuation allowance is calculated according to the expected percentage of credit losses which takes each time interval of overdues of account receivables and adjustments on prospective factors into consideration when estimating expected credit losses of account receivables. The management will, according to the report date, re-update new expected losses within each time interval of overdues and perform individual assessments on major overdues and payment disputes; hence, it involves subjective judgment from the managers and it is considered as one of the key audit matters.

Corresponding audit procedure included the following:

1. Evaluated reasonableness of the percentage of expected credit losses
2. Determined whether there is a major irregularity by comparing the turnover rate and turnover days of accounts receivables with the company's credit policy and other related information.
3. Obtained the aging schedule.
4. Verified total amount from the aging schedule with general ledger
5. Confirmed integrity and accuracy of the aging schedule.
6. Ascertained whether the bills and accounts receivables in dispute or involved in litigation have been properly handled.
7. Checked whether the customers' receivables dues more than three months have been properly evaluated and check whether there is a risk of transferring other receivables.

Other Matter

We have also audited the parent company only financial statements of Bright LED Electronics

Corp. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements; if such disclosures are inadequate, we are responsible to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ms. Hsin-I

Kuo and Ms. Tzu-Hui Li.

KPMG TAIWAN
Republic of China

March 18, 2021

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 audit such financial statements are those generally applied in the Republic of China.

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

Bright LED Electronics Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2019 and 2020

(In Thousands of New Taiwan Dollars)

		Dec 31, 2020 ⁽²⁾		Dec 31, 2019 ⁽²⁾				Dec 31, 2020 ⁽²⁾		Dec 31, 2019 ⁽²⁾		
		Amount ⁽²⁾	% ⁽²⁾	Amount ⁽²⁾	% ⁽²⁾			Amount ⁽²⁾	% ⁽²⁾	Amount ⁽²⁾	% ⁽²⁾	
ASSETS⁽²⁾												
CURRENT ASSETS : ⁽²⁾												
1100	Cash and cash equivalents (Note 6 (1)) ⁽²⁾	\$	857,309	25	\$	783,088	22 ⁽²⁾	2100	Short-term loans (Note 6(10)) ⁽²⁾	\$	60,000	2 ⁽²⁾
1140	Contract assets—current(Note 6 (18)) ⁽²⁾		107,420	3		271,917	8 ⁽²⁾	2170 ⁽²⁾	Accounts and notes payable ⁽²⁾		298,610	9 ⁽²⁾
1170	Accounts and notes receivable, net (Note 6(3)) ⁽²⁾		546,444	16		411,395	12 ⁽²⁾	2180	Accounts payable-related party (Note 7)		16,715	1 ⁽²⁾
1180	Accounts receivable—due from related parties, net (Note 6(3)&7) ⁽²⁾		40,071	1		50,071	1 ⁽²⁾	2200	Other payables and other current liabilities (Note 6(12)) ⁽²⁾		121,716	3 ⁽²⁾
130X	Inventories (Note 6(4)) ⁽²⁾		215,374	6		219,348	6 ⁽²⁾	2230	Income tax liabilities ⁽²⁾		30,781	1 ⁽²⁾
1470	Other current assets ⁽²⁾		89,554	3		96,582	3 ⁽²⁾	2280 ⁽²⁾	Lease liabilities- current (Note 6(13)) ⁽²⁾		14,432	- ⁽²⁾
1476	Other financial assets—current (Note 6(9)&8) ⁽²⁾		151,156	4		185,894	5 ⁽²⁾	2320	Long-term borrowings, current portion (Note 6(11)) ⁽²⁾		-	- ⁽²⁾
	Total current assets⁽²⁾		2,007,328	58		2,018,295	57⁽²⁾		Total current liabilities⁽²⁾		542,254	16⁽²⁾
NONCURRENT ASSETS : ⁽²⁾												
1517	Financial assets at fair value through other comprehensive income—noncurrent (Note 6(2)) ⁽²⁾		710,995	21		645,807	18 ⁽²⁾	2570	Deferred tax liabilities (Note 6(15)) ⁽²⁾		21,558	- ⁽²⁾
1550	Investments accounted for using equity method (Note 6(5)) ⁽²⁾		119,988	3		114,728	3 ⁽²⁾	2580 ⁽²⁾	Lease liabilities- noncurrent (Note 6(13)) ⁽²⁾		57,128	2 ⁽²⁾
1600	Property, plant and equipment (Note 6(7)&8) ⁽²⁾		488,697	14		537,937	15 ⁽²⁾	2640	Defined benefit liabilities—noncurrent (Note 6(14)) ⁽²⁾		25,355	1 ⁽²⁾
1755 ⁽²⁾	Right of use assets (Note 6(8)) ⁽²⁾		120,277	3		176,617	5 ⁽²⁾	2600	Other noncurrent liabilities ⁽²⁾		14,205	- ⁽²⁾
1840	Deferred tax assets (Note 6(15)) ⁽²⁾		20,969	1		16,938	1 ⁽²⁾		Total noncurrent liabilities⁽²⁾		118,246	3⁽²⁾
1900	Other noncurrent assets ⁽²⁾		97	-		8,930	- ⁽²⁾		Total liabilities⁽²⁾		660,500	19⁽²⁾
1920	Refundable deposits ⁽²⁾		11,713	-		14,335	- ⁽²⁾	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 6(18))⁽²⁾				
	Total noncurrent assets⁽²⁾		1,472,736	42		1,515,292	43⁽²⁾	3100	Capital stock ⁽²⁾		1,816,742	52 ⁽²⁾
								3200	Capital surplus ⁽²⁾		421,959	12 ⁽²⁾
								3300	Retained earnings ⁽²⁾		558,413	16 ⁽²⁾
								3400	Other equity interests ⁽²⁾		51,649	2 ⁽²⁾
								3500 ⁽²⁾	Treasury stock ⁽²⁾		(149,507)	(4) ⁽²⁾
									Total equity attributable to shareholders of the parent ⁽²⁾		2,699,256	78 ⁽²⁾
								36XX	Noncontrolling interests ⁽²⁾		120,308	3 ⁽²⁾
									Total equity⁽²⁾		2,819,564	80⁽²⁾
TOTAL⁽²⁾		\$	3,480,064	100	\$	3,533,587	100⁽²⁾	TOTAL⁽²⁾		\$	3,480,064	100

Chairman : Tsung-Jen LiawCEO : Tsung-Jen LiawAccounting Manager : Mei-Lien Lin

Bright LED Electronics Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2020 and 2019.
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
4000 + Operating revenues (Note 6(18)&7)	\$ 1,375,687	100	\$ 1,763,659	100
5000 + Operating costs (Note 6(4)(6)(8)(14)(19)&7)	998,201	72	1,339,117	76
5900 + Gross profit from operations	377,486	28	424,542	24
6000 + Operating expenses (Note 6(3)(6)(8)(14)(19)&7) :				
6100 + Marketing	48,538	4	47,044	2
6200 + Management	206,748	15	223,688	13
6300 + Research & development	13,778	1	14,122	1
6450 + Expected credit impairment loss (or gain)	682	-	(43)	-
+ Total operating expenses	269,746	20	284,811	16
6900 + Operating income	107,740	8	139,731	8
7000 + Non-operating income & expenses (Note 6(5)(13)(21)) :				
7100 + Interest income	11,918	1	6,696	1
7010 + Other revenues	52,819	3	61,420	3
7020 + Other gains & losses	(9,013)	(1)	47,672	2
7050 + Finance costs	(3,233)	-	(5,093)	-
7370 + Share of profit (loss) of associates using equity method (Note 6(6))	21,858	2	9,121	1
+ Total non-operating income & expenses	74,349	5	119,816	7
7900 + Profit before tax	182,089	13	259,547	15
7950 + Deduct : income tax expenses (Note 6(17))	48,974	4	25,668	2
8200 + Net income	133,115	9	233,879	13
8300 + Other comprehensive income :				
8310 + Items that will not be reclassified subsequently to profit or loss:				
8311 + Re-measurement of defined benefit plans	(2,805)	-	710	-
8316 + Unrealized gain or loss on financial instrument at fair value through other comprehensive income	68,818	5		
			173,117	10
8349 + Income tax related to items that will not be reclassified subsequently	(561)	-	142	-
+ Total of Items that will not be reclassified subsequently to profit or loss	66,574	5	173,745	10
8360 + Items that may be reclassified subsequently to profit or loss:				
8361 + Exchange differences arising on translation of foreign operations	(16,073)	(1)	(91,563)	(5)
8399 + Income tax related to items that may be reclassified subsequently	-	-	-	-
+ Total of Items that may be reclassified subsequently to profit or loss	(16,073)	(1)	(91,563)	(5)
8300 + Other comprehensive loss for the year, net of income tax	50,501	4	82,182	5
8500 + Total comprehensive income for the year	\$ 183,616	13	\$ 316,061	18
Net income attributable to :				
8610 + Shareholders of the parent	\$ 128,125	9	\$ 234,486	13
8620 + Noncontrolling interests	4,990	-	(607)	-
	\$ 133,115	9	\$ 233,879	13
Total comprehensive income attributable to :				
8710 + Shareholders of the parent	\$ 178,886	13	\$ 318,874	18
8720 + Noncontrolling interests	4,730	-	(2,813)	-
	\$ 183,616	13	\$ 316,061	18
Earnings per share (Note 6(19))				
9750 + Basic earnings per share (NT\$)	\$ 0.74		\$ 1.28	
9850 + Diluted earnings per share (NT\$)	\$ 0.74		\$ 1.27	

Bright LED Electronics Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

Equity Attributable to Shareholders of the Parent

	Capital Stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange Differences on translations	Unrealized gain/loss on assets at fair value through other comprehensive income	Others: Unrealized gain/loss on available-for-sale financial assets	Total	Treasury Stock	Total attributable to shareholders of the parent	Noncontrolling interests	Total equity
Balance, January 1, 2019	\$1,866,742	441,608	247,758	79,582	113,302	440,642	(89,632)	5,250		(84,382)	-	2,664,610	119,545	2,784,155
Adjustment adopting new accounting bulletin	-	-	-	-	(5,547)	(5,547)	-	-	-	-	-	-	-	-
Adjusted Balance, January 1, 2019	1,866,742	441,608	247,758	79,582	107,755	435,095	(89,632)	5,250	-	(84,382)	-	2,659,063	118,561	2,777,624
Net income	-	-	-	-	234,486	234,486	-	-	-	-	-	234,486	(607)	233,879
Other comprehensive income	-	-	-	-	568	568	(89,357)	173,177	-	83,820	-	84,388	(2,206)	82,182
Total comprehensive income	-	-	-	-	235,054	235,054	(89,357)	173,177	-	83,820	-	318,874	(2,813)	316,061
Legal reserve	-	-	11,330	-	(11,330)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	4,799	(4,799)	-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(97,071)	(97,071)	-	-	-	-	-	(97,071)	-	(97,701)
Treasury stock buyback	-	-	-	-	-	-	-	-	-	-	(149,507)	(149,507)	-	(149,507)
Dispose of equity instruments measured at fair value through other comprehensive gains and losses	-	-	-	-	851	851	-	(851)	-	(851)	-	-	-	-
Overdue dividend	-	75	-	-	-	-	-	-	-	-	-	75	-	75
Unrealized gains (loss) from equity investment instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	(170)	(170)
Balance, December 31, 2019	1,866,742	441,683	259,088	84,381	230,460	573,929	(178,989)	177,576	-	(1,413)	(149,507)	2,731,434	115,578	2,847,012
Net income	-	-	-	-	128,125	128,125	-	-	-	-	-	128,125	4,990	133,115
Other comprehensive income	-	-	-	-	(2,244)	(2,244)	(15,813)	68,818	-	53,005	-	50,761	(260)	50,501
Total comprehensive income	-	-	-	-	125,881	125,881	(15,813)	68,818	-	53,005	-	178,886	4,730	183,616
Legal reserve	-	-	23,035	-	(23,035)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(82,968)	82,968	-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(141,340)	(141,340)	-	-	-	-	-	(141,340)	-	(141,340)
Changes in the equity of affiliated companies recognized using the equity method	-	-	-	-	-	-	-	-	-	-	-	343	-	343
Changes in affiliated companies recognized using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback	-	836	-	-	-	-	-	-	-	-	(70,903)	(70,903)	-	(70,903)
Treasury stock retirement	(50,000)	(20,903)	-	-	-	-	-	-	-	-	70,903	-	-	-
Gain/loss on sales of equity instruments at fair value through other comprehensive income	-	-	-	-	(57)	(57)	-	57	-	57	-	-	-	-
Balance, December 31, 2020	\$1,816,742	421,959	259,088	1,413	274,877	558,413	(194,802)	246,451	-	(51,649)	(149,507)	2,699,256	120,308	2,819,564

Bright LED Electronics Corp. and Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars).

	2020	2019
Income before tax.	\$ 182,089	\$ 259,547
Adjustments :		
Depreciation and amortization expenses.	108,836	120,540
Benefits from expected credit losses/ income reclassified from bad debt expenses.	682	(44)
Nets on financial assets at fair value through profit or loss.	-	(388)
Interest expenses.	3,233	5,093
Interest income.	(11,918)	(6,696)
Dividend income.	(3,691)	(19,592)
Share of profit/loss of associates accounted for using equity method.	(21,858)	(9,121)
Loss on disposal or retirement of property, plant and equipment (profit).	(1,385)	(722)
Loss on sale of investments.	-	(7,621)
Loss on modification of lease.	2,689	(2,263)
Total adjustments.	76,588	79,186
Changes in operating assets and liabilities:		
Decrease in contract assets.	164,497	(101,883)
Decrease in notes and accounts receivable (including related parties), net.	(125,731)	34,245
Increase in other receivables.	8,504	(22,156)
Decrease (increase) in inventories.	3,974	14,108
Increase in other current assets.	7,028	17,091
Decrease in notes and accounts payable (including related parties).	28,732	26,599
Decrease in other payables and other current liabilities.	(45,555)	(6,932)
Decrease in defined benefit liabilities, net.	(1,575)	239
Total.	116,462	40,497
Cash generated from operations.	298,551	300,044
Interest received.	11,918	6,696
Interest paid.	(3,233)	(5,093)
Income tax paid.	(5,335)	(30,286)
Net cash generated by operating activities.	301,901	271,361
CASHFLOWS FROM INVESTING ACTIVITIES :		
Acquisition of financial assets at fair value through other comprehensive income.	(470)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income.	4,100	10,599
Acquisition of financial assets at fair value through profit or loss.	-	-
Proceeds from disposal of financial assets at fair value through profit or loss.	605	80,724
Proceeds from disposal of subsidiary.	-	29,122
Acquisition of property, plant and equipment.	(8,488)	(11,824)
Proceeds from disposal of property, plant and equipment.	1,385	724
Decrease in refundable deposits.	2,622	612
Decrease in other receivables.	13,101	-
Decrease in other financial assets — current.	13,133	(135)
Increase in other assets — noncurrent.	(1,053)	(7,917)
Dividends received.	8,774	22,649
Net cash used in investing activities.	33,709	124,554
CASHFLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term borrowings.	10,000	-
Repayment of long-term borrowings.	(9,784)	(18,815)
Principal repayment of lease.	(37,656)	(42,666)
Increase (decrease) in other noncurrent liabilities.	544	(3,798)
Cash dividends paid.	(141,340)	(97,071)
Costs of treasury stock buyback.	(70,903)	(149,507)
Effect of losing control.	-	(6,379)
Changes in noncontrolling interests.	-	(170)
Net cash used in financing activities.	(249,139)	(318,406)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS.	(12,250)	(65,547)
NET INCREASE (DECREASE) IN CASH AND CASHEQUIVALENTS.	74,221	11,962
CASH AND CASHEQUIVALENTS AT BEGINNING OF YEAR.	783,088	771,126
CASH AND CASHEQUIVALENTS AT END OF YEAR.	\$ 857,309	\$ 783,088

Chairman : Tsung-Jen Liaw

CEO : Tsung-Jen Liaw

Accounting Manager : Mei-Lien Lin

Bright LED Electronics Corp. and Subsidiaries
Notes from consolidated financial statements
Year 2019 and 2020
(Unless otherwise specified, all amounts are in units of NT \$thousand)

1. Company history

Bright LED Electronics Corp. (hereinafter referred to as the "Company") was established in June 1981. The company and its subsidiaries (hereinafter also referred to as "consolidated company") are principally engaged in the manufacturing and sales of light-emitting diode, indicator lights, displays and other extended products and undertaking engineering projects that provide indicator lights, displays and related supporting engineering projects.

2. The date and procedure for the approval of the financial statements

This consolidated financial statement was approved by the board of directors on March 18, 2021.

3. Application of newly issued and revised standards and explanations

- (1) The impact of the newly issued and revised standards and interpretations approved by the Financial Regulatory Commission has been adopted
The company has applied the following newly revised International Financial Reporting Standards since January 1, 2020 and has no significant impact on parent company only financial report.
 - Amendments to International Financial Reporting Standards (IFRS) No. 3 "Definition of Business"
 - Amendments to International Financial Reporting Standards No. 9, International Accounting Standards No. 39 and International Financial Reporting Standards No. 7 "Changes in Interest Rate Indicators"
 - Amendments to International Accounting Standard No. 1 and International Accounting Standard No. 8 "Definition of Materiality"
 - Amendments to International Financial Reporting Standards No. 16 "New Coronavirus Pneumonia Related Rent Concessions"
- (2) The impact of the International Financial Reporting Standards that have not adopted nor recognized by the Financial Supervisory Commission yet.
The company assesses that the following newly revised international financial reporting standards that have been effective from January 1, 2021 will not have significant impacts on parent company only financial report.
 - Amendment to International Financial Reporting Standards (IFRS) No. 4 "Temporary Exemption from Application of IFRS No. 9 Extension"
 - Amendments to International Financial Reporting Standards No. 9, International Accounting Standards No. 39, International Financial Reporting Standards No. 7, International Financial Reporting Standards No. 4, and International Financial Reporting Standards No. 16 "Changes in Interest Rate Indicators-Second stage".
- (3) Newly issued or revised standards and interpretations not yet endorsed by Financial Supervisory Commission.
The standards and interpretations that have been newly issued or amended by the International Accounting Standards Board, but have not yet been approved by Financial Supervisory

Commission are as follows:

Newly issued/ revised standards	Main content	Effective date
Amendment to International Accounting Standard No. 1 "Classification of Liabilities as Current or Non-current"	The amendments are intended to improve the consistency of the application of the standards to assist companies in determining whether debts or other liabilities that are uncertain on the settlement date should be classified as current (or may be due within one year) or non-current on the balance sheet. The revised provisions also clarify the classification requirements for debts that companies may convert into equity to pay off.	2023.1.1
Amendment to International Accounting Standard No. 16 "Real estate, plant and equipment price before reaching the intended state of use"	The amendment prohibits the company from deducting the cost of real property, plant and equipment from the sales price of the project that makes the asset ready for use. Otherwise, the sales price and related costs should be recognized in profit and loss.	2022.1.1
Amendment to International Accounting Standard No. 1 "Disclosure of Accounting Policies"	The major amendments of International Accounting Standard No. 1 include: • Require companies to disclose their material accounting policies instead of their important accounting policies; • Clarified that accounting policy information related to non-significant transactions, other matters or circumstances is non-significant, and there is no need to disclose such information; and • Clarified that all accounting policy information that is not related to material transactions, other events or circumstances is material to the company's financial statements.	2023.1.1
Amendment to International Accounting Standard No. 8 "Definition of Accounting Estimates"	The amendment introduces a new definition of accounting estimates, clarifying that accounting estimates are monetary amounts in financial statements that are affected by measurement uncertainty. The amendment also stipulates that the company must establish accounting estimates to achieve the purpose of its applicable accounting policies, thereby clarifying the relationship between accounting policies and accounting estimates.	2023.1.1

The company continuously evaluates the impact of the above standards and interpretations on the company's financial status and operating results, and the relevant impact will be disclosed when the evaluation is completed.

- (4) The company expects that the following other newly issued or revised standards that have not yet been approved will not have a significant impact on parent company only financial reports
- Amendments to International Financial Reporting Standards No. 10 and International Accounting Standards No. 28 "Sales or investment of assets between investors and their

affiliates or joint ventures"

- Amendments to International Financial Reporting Standards (IFRS) No. 17 "Insurance Contracts" and its revision.
- Amendment to International Accounting Standard No. 37 "Supplementary Contracts-Cost of Consensus Contracts"
- Annual improvement of International Financial Reporting Standards (IFRS) 2018 to 2020 cycle
- Amendment to International Financial Reporting Standards(IFRS) No. 3 "Quotation of Conceptual Framework"

4. Summary of material accounting policies

A summary of the material accounting policies adopted in this parent company only financial report is as follows. The following accounting policies have been consistently applied to all presentation periods in this parent company only financial report.

(1) Compliance statement: This consolidated financial report is prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the Financial Regulatory Commission approved and issued effective International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Notice (hereinafter referred to as "International Financial Reporting Standards Recognized by the Financial Regulatory Commission").

(2) Preparation basis:

1. Basis of measurement: Except for the following important items in the balance sheet, the rest items in parent company only financial report is prepared on the basis of historical cost:

1. Financial assets measured at fair value through profit and loss measured at fair value;
2. Financial assets at fair value measured by fair value through other comprehensive gains and losses
3. The net defined benefit liability is measured by subtracting the present value of defined benefit obligations from the fair value of pension plan assets.

2. Functional currency and presentation currency: Each entity of the consolidated company uses the currency of their main economic environment in which its operations are located as its functional currency. This consolidated financial report is expressed in the company's functional currency, New Taiwan Dollar. All financial information expressed in New Taiwan Dollars is in thousands of New Taiwan Dollars.

(3) Consolidation basis:

1. Principles for preparing consolidated financial reports

The preparation of the consolidated financial report includes the company and entities controlled by the company (ie, subsidiaries).

Starting from the day when control of the subsidiary is obtained, its financial report shall be included in the consolidated financial report until the day when control is lost. The transactions, balances, and any unrealized gains and expenses between the merged companies have been completely eliminated when preparing the consolidated financial report. The total consolidated profit and loss of the subsidiary is attributable to the owners and non-controlling interests of the company, even if the non-controlling interests become the loss balance.

The financial report of the subsidiary company has been adjusted appropriately to make its accounting policy consistent with the accounting policy used by the consolidated company.

Changes in the ownership and equity of the subsidiary by the consolidated company that did not result in the loss of control of the subsidiary are treated as an equity transaction with the owner. The difference between the adjustment amount of the non-controlling equity and the fair value of the consideration paid or received is directly recognized in the equity and attributed to the owner of the company.

2. Subsidiaries included in consolidated financial statement

Investment			% of equity held	
company name	Subsidiaries' company name	Nature of businesses	2020/12/31	2019/12/31
The company	Wanhui Enterprise Co., Ltd. (HK)	Investment holding and trading and selling of LED components, displays and electronic parts	100%	100%
The company (note 1)	Bright Wonder Electronics Corp. (Bright Wonder (Mauritius))	Investment holding	-	100%
The company	KoBrite Corp. (KoBrite)	Investment holding	93%	93%
The company	Lisheng International Industrial Co., Ltd. (Lisheng International)	Investment holding	60%	60%
Bright Wonder (Mauritius) (Note 1)	Bright Wonder Electronics LTD. (HK) (Bright Wonder (H.K.))	Investment holding	-	56%
Wanhui Enterprise Co., Ltd. (HK)	DongGuan Bright LED Electronics	Manufacturing and assembling LED components and extended products	100%	100%
KoBrite	KoBrite DongGuan corporation (DongGuan)	producing and processing LED die	100%	100%
KoBrite	KoBrite Taiwan corporation (Taiwan)	producing and processing LED die	100%	100%
KoBrite	Bright Crystel Company Limited (HK)	Investment holding	80%	80%
HK Bright Crystal	HeNan Bright Crystal Company (HeNan Bright Crystal)	Production and sales of high-quality artificial crystals and finished LED lighting and import and export business	100%	100%
Lisheng International	DongGuan Bright Rise Circuit Board Corp. (DongGuan Bright Rise)(Note 2)	PCB electroplating	-	100%
Lisheng International	DongGuan Bright Rise Electronic Co. Ltd. (DongGuan Bright Rise Electronics)(Note 3)	PCB processing	100%	-

Note 1: The Company's board of directors resolved on May 10, 2019 that both the sub-company Bright Wonder Electronics Corp. and its reinvestment company Bright Wonder Electronics LTD. (HK) have no operational purpose anymore, so liquidation and cancellation processes have completed on November 3, 2019.

Note 2: The Company board of directors resolved on June 12, 2019 to dispose sub-company Dongguan Lisheng Circuit Board Co., Ltd. The transaction was completed at 4th quarter of 2019.

Note 3: The Company board of directors resolved on June 12, 2019 to establish a subsidiary Dongguan Lisheng Electronic Technology Co., Ltd.

3. Subsidiaries not included in the consolidated financial statement: N/A

(4) Foreign currency

1. Foreign currency transaction

Foreign currency transactions are converted into functional currencies at the exchange rate on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the reporting day), foreign currency monetary items are converted into functional currencies at the exchange rate on that day. Foreign currency non-monetary items measured at fair value are converted to functional currency at the exchange rate on the day when the fair value is measured, and foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the transaction date. Foreign currency exchange differences are usually recognized in income, but the following situations are recognized in other comprehensive gain and loss:

1. Designated as equity instruments measured at fair value through other comprehensive gains and losses;
 2. Financial liabilities designated as net investment hedging by foreign operating institutions are within the effective scope of hedging; or
 3. Qualified cash flow hedging is within the effective range of hedging.
2. Foreign operating institution

The assets and liabilities of foreign operating institutions, including the goodwill and fair value adjustments generated during the acquisition, are converted into New Taiwan dollars based on the exchange rate on the reporting date; income and expense items are converted into New Taiwan dollars based on the current average exchange rate. The resulting exchange differences are recognized as other comprehensive gains and losses. When disposing a foreign operating institution which results in loss of control, joint control or significant influence, the accumulated exchange differences related to the foreign operating institution are fully reclassified as gains or loss. When partly disposing investments in affiliated companies or joint ventures involving foreign operating institution, the relevant accumulated exchange differences will be reclassified to other comprehensive gains and loss on a pro rata basis.

For monetary receivables or payables from foreign operating institutions, if there is no settlement plan and it is impossible to repay them in the foreseeable future, the foreign currency exchange gains and losses shall be regarded as the net investment of the foreign operating institution and is classified in other comprehensive gains and losses.

(5) Classification criteria for distinguishing between current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, and all others are classified as non-current assets:

1. Expect to realize the asset in its normal business cycle, or intend to sell or consume;
2. Hold the asset primarily for trading purposes;
3. Expected to be realized within twelve months after the reporting period; or
4. Liabilities that do not have the right to unconditionally defer the settlement period to at least twelve months after the reporting period. The terms of the liability, which may be settled by the issuance of equity instruments based on the choice of the counterparty, does not affect its classification.

(6) Cash and cash equivalent

Cash includes cash on hand and demand deposits. Cash equivalent refers to a short-term and highly liquid investment that can be converted into fixed cash at any time with little risk of value changes. Term deposits that meet the aforementioned definition and whose holding purpose is to meet short-term cash commitments rather than investment or other purposes are listed in cash equivalents.

(7) Financial instrument

1. Financial assets:

Financial assets at initial recognition are classified as: financial assets measured at

amortized cost, financial assets measured at fair value through other comprehensive gain or loss, and financial assets measured at fair value through profit or loss. The company only reclassifies all affected financial assets from the first day of the next reporting period when changing the business model for managing financial assets.

1. Financial assets measured at amortized cost

When financial assets meet the following conditions at the same time and are not designated to be measured at fair value through profit and loss, they are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

These assets are subsequently measured by adding or subtracting the accumulative amortization amount calculated using the effective interest method to the originally recognized amount, and adjusting the amortized cost of any allowance loss. Interest income, foreign currency exchange gains and losses, and impairment losses are recognized in profit and loss. When delisting, the profit or loss is included into income.

2. Financial assets measured at fair value through other comprehensive gains and losses

When debt instrument for investment meets the following conditions at the same time and is not designated as measured at fair value through income, it is measured at fair value through other comprehensive gains and losses:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

At the time of initial recognition, the company can make an irrevocable choice which is to report subsequent changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income. The aforementioned choices are made on a tool-by-tool basis.

Investments, which are equity instruments, are subsequently measured at fair value.

Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in income. The remaining net gains or losses are recognized as other comprehensive gains and losses and are not reclassified to income.

Dividend income from equity investments is recognized on the date when the company has the right to receive dividends (usually the ex-dividend date).

3. Financial assets measured at fair value through income.

Financial assets other than those measured at amortized cost or at fair value through other comprehensive gains and losses are measured at fair value through income, including derivative financial assets. The company intends to sell accounts receivable immediately or in the near future, which is measured at fair value through profit and loss, but is included under accounts receivable. At the time of initial recognition, in order to eliminate or significantly reduce the improper accounting ratio, the company has to irrevocably designate financial assets that could meet the criteria for measuring at amortized cost or at fair value through other comprehensive gains and losses as at fair value through income.

These assets are subsequently measured at fair value, and their net profit or loss (including any dividends and interest income) is recognized as profit or loss.

4. Impairment of financial assets

The company focuses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, deposit deposits and other financial assets). Assets, etc.), debt instrument investments measured at fair value through other comprehensive gains and losses, and expected credit losses of contract assets to recognize allowance losses.

The following financial assets are measured by the amount of expected credit losses for twelve months, and the rest are measured by the amount of expected credit losses during the duration:

- The credit risk of the judgment debt securities at the reporting date is low; and
- The credit risk of other debt securities and bank deposits (that is, the risk of default in the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The allowance for losses on accounts receivable and contract assets is measured by the amount of expected credit losses during the duration.

When determining whether the credit risk has increased significantly since the initial recognition or not, the company considers reasonable and verifiable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the company's historical experience, credit assessment and forward-looking information for analysis.

If the contract payment is overdue, the company assumes that the credit risk of financial assets has increased significantly.

If the borrower is unlikely to perform its credit obligations and pay the full amount to the company, the company considers that the financial asset has breached the contract. Expected credit loss during the lifetime refers to the expected credit loss arising from all possible defaults during the expected lifetime of a financial instrument.

Twelve-month expected credit losses refer to expected credit losses arising from possible defaults of financial instruments within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months).

The company's longest period for expected credit losses is the company's longest contract period during which the company is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of the credit loss during the expected life of the financial instrument. Credit loss is measured by the present value of all short-term cash receipts, that is, the difference between the cash flow that the company can receive in accordance with the contract and the cash flow that the company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

On each reporting date, the company evaluate whether there is credit impairment for financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive gains and losses. When one or more events that have an adverse effect on the estimated future cash flow of a financial asset have occurred, the financial asset has been credit-impaired. Evidence that financial assets have been credit-impaired includes observable information about the following matters:

- Major financial difficulties of the borrower or issuer
- Breach of contract, such as delay or overdue
- Due to economic or contractual reasons related to the borrower's financial difficulties, the company gives the borrower a concession which the company wouldn't considered;
- The borrower is likely to file for bankruptcy or other financial reorganization; or
- Due to financial difficulties, the active market for this financial asset disappears.

The allowance loss for financial assets measured at amortized cost is deducted from the asset's book value. Through other comprehensive gains and losses, the fair value of the debt instrument for investment is measured by adjusting the income and recognized in other comprehensive gains and losses (without reducing the asset's book value).

When the company cannot reasonably expect the recovery of financial assets as a whole or part of it, the company directly reduces the total book value of its financial assets. For corporate accounts, the company individually analyzes the timing and amount of write-off based on whether it is reasonably expected to be recoverable. The company expects that the amount of written-off will not be materially reversed. However, financial assets that have been written off can still be enforced to comply with the company's procedures for recovering overdue amounts.

5. Delisting of financial assets

The company only terminates the contractual rights from the cash flow of the asset, or the financial asset has been transferred and almost all the risks and rewards of the asset ownership have been transferred to other companies, or almost no ownership has been transferred or retained and not kept under the control of the financial asset, the financial asset is delisted.

If the company signs a transaction to transfer financial assets that still retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments:

1. Classification of liabilities or equity

The debt and equity instruments issued by the company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

2. Equity transaction

An equity instrument refers to any contract that recognizes the remaining equity of the consolidated company after deducting all its liabilities from its assets. The equity instruments issued by the company are recognized at the amount obtained after deducting the cost of direct issuance.

3. Treasury stock

When repurchasing the equity instruments recognized by the company, the consideration paid (including directly attributable costs) is recognized as a reduction in equity. The repurchased shares are classified as treasury stock. The received amount of subsequent sales or re-issuance of treasury stocks is recognized as an increase in equity and the surplus or loss incurred by the transaction will be recognized as capital reserve or retained surplus (if the capital reserve is insufficient to offset).

4. Financial liabilities

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

Other financial liabilities are subsequently measured at the cost after amortization using the effective interest method. Interest expenses and gains and losses from exchange are recognized in income. Any profit or loss at the time of exclusion is also recognized in income.

5. Delisting of financial liabilities

The company delists financial liabilities when contractual obligations have been fulfilled, cancelled or expired. When the financial liability terms are modified and there is

a significant difference in the cash flow of the liabilities after the modification, the original financial liabilities will be delisted and the new financial liabilities will be recognized at fair value based on the modified terms.

When delisting financial liabilities, the difference between its book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized as income.

6. Offset between financial assets and liabilities

Financial assets and financial liabilities are only offset when the company currently has legally enforceable rights to offset and intends to settle on a net amount or realize assets and liquidate liabilities at the same time. Such offset will be expressed on the balance sheet as a net amount.

(8) Inventory

Inventory is measured by the lower of cost and net realizable value. Cost includes the acquisition, production or processing costs and other costs incurred to bring inventory to the available location and status. Such inventory is calculated by the weighted average method. The cost of finished goods and work-in-progress inventory includes manufacturing expenses that are amortized in proportion to normal production capacity.

Net realizable value refers to the estimated selling price under normal operations minus the estimated costs required to complete the project and the estimated costs required to complete the sale.

(9) Investment-related enterprises

Affiliated companies are those companies that have significant influence over their financial and operating policies but are not controlled or jointly controlled.

The consolidated company shall adopt the equity method to deal with the equity of the related companies. Under the equity method, the original acquisition is recognized based on cost, and the investment cost includes the cost of the transaction. The carrying amount of an investment-related enterprise includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.

The consolidated financial statement includes from the date of significant influence to the date of loss of significant influence. After adjustments to the consistency of the consolidated company's accounting policies, the consolidated company recognizes the profit and loss of the investment-related enterprise and other amount of comprehensive profit and loss. When the related company's equity changes in non-profit and loss and other comprehensive profit and loss do not affect the shareholding ratio of the consolidated company, the consolidated company will be recognized as a capital reserve according to the shareholding ratio.

The unrealized benefits and losses arising from the exchange between the consolidated company and the affiliated company shall be recognized in the enterprise's financial statements only within the scope of the non-related investor's interest in the affiliated enterprise.

When the consolidated company should recognise the proportion of the affiliated company's loss equal to or exceeds its equity in the affiliated company, it will stop recognizing its loss, but only when statutory obligations, deductions or payments have been made on behalf of the invested company within the scope, recognize additional losses and related liabilities.

(10) Property, plant, and equipment

1. Recognition and measurement

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

When the major components of property, plant and equipment have different durability, they are treated as separate items (main components) of property, plant and equipment.

The property, plant and equipment gains or loss by disposal is recognized in income.

2. Follow-up costs

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

3. Amortization

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component.

The land is not subject to depreciation.

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

- (1) Housing and construction: 2 ~ 55 years
- (2) Machine equipment: 2 ~ 8 years
- (3) Others: Except that lease improvements are listed according to the lease term, the rest are 2 to 8 years.

The company reviews the depreciation method, durability, and residual value on each reporting day and makes appropriate adjustments when necessary.

(11) Lease

1. Lease judgment

The company evaluates whether the contract is a lease or contains a lease on the establishment date. If the contract transfers control over the use of the identified asset for a period of time in exchange for consideration, the contract is a lease or contains a lease. In order to evaluate whether the contract is a lease, the company evaluates the following items:

- (1) The contract involves the use of an identified asset. The identified asset is specified in the contract or implied by the time when it is available for use. Its entity can distinguish or represent substantially all of its production capacity. If the supplier has substantive rights to replace the asset, the asset is not an identified asset; and
- (2) The customer has the right to obtain almost all economic benefits from the use of the identified assets throughout the period of use; and
- (3) The client obtains the right to lead the use of identified assets when one of the following conditions is met:
 - The customer has the right to lead the use and purpose of the identified assets throughout the use period; or
 - The relevant decisions about the use method and purpose of the asset are determined in advance, and:
 - The customer has the right to operate the asset during the entire use period, and the supplier does not have the right to change the operation instructions; or
 - The way the customer designs the asset has pre-determined the way and purpose of use for the entire period of use.

2. Lessee

The company recognizes the right-of-use asset and lease liability on the lease start date. The right-of-use asset is originally measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the lease start date, and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis between the start of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the parent company periodically assesses whether the right-of-use asset is impaired and processes any impairment loss that has occurred, and cooperates to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are originally measured by the present value of the lease payments that have

not been paid on the lease start date. If the implied interest rate of the lease is easy to determine, the discount rate is that rate. If it is not easy to determine, the incremental borrowing rate of the parent company is used. Generally speaking, the parent company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

- (1) Fixed payment, including substantial fixed payment;
- (2) The lease payment depends on the change of an index or fee rate, the original measurement is based on the index or rate of the lease start date;
- (3) The guaranteed amount of residual value expected to be paid; and
- (4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and its amount is measured when the following occurs:

- (1) Changes in the index or rate used to determine lease payments result in changes in the future lease payments;
- (2) The guaranteed amount of residual value expected to be paid has changed;
- (3) The evaluation of the underlying asset purchase option has changed;
- (4) The estimate of whether to exercise the extension or termination option has changed, and the assessment of the lease period has been changed;
- (5) Modification of lease subject, scope or other terms.

When the lease liability is remeasured due to changes in the aforementioned index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the book value of the right-of-use asset should be adjusted accordingly, and When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

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

The parent company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

3. Lessor

The transaction of the company as the lessor is to classify the lease contract according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying asset on the date of the lease establishment. If it is classified as a financial lease, otherwise it is classified as an operating lease. At the time of evaluation, the parent company considers whether it covers the relevant specific indicators such as whether it covers the main part of the economic life of the underlying asset during the lease period. If the agreement includes lease and non-lease components, the parent company uses IFRS 15 to distribute the consideration in the contract.

(12) Impairment of non-financial assets

The company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventory, contract assets, deferred income tax assets) may be impaired. .

For the purpose of impairment testing, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of individual assets or cash-generating units minus the cost of sales and its use value. When assessing value in use, the estimated future

cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks of the asset or cash-generating unit. If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized immediately in the current profit and loss.

(13) Revenue recognition

1. Revenue from customer contracts

Revenue is measured by the consideration expected to be obtained for the transfer of goods or services. The parent company recognizes revenue when the control of goods or services is transferred to the customer and the performance obligations are met. The company is explained as follows according to the main income items:

(1) Selling goods

The company recognizes revenue when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, the customer can fully determine the sales channel and price and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specific location, its obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, the acceptance terms have lapsed, or the company has objective evidence that all acceptance conditions have been met.

The company's average credit period is 90 days, which is consistent with the industry's practice, so it does not include financing elements.

The company recognizes the accounts receivable when delivering the goods, because the company has the right to receive the consideration unconditionally at that time.

(2) Construction contract

The company is engaged in public construction business. Since the assets are controlled by customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the engineering costs incurred so far to the estimated total contract costs. The contract includes fixed and variable consideration. The customer pays a fixed amount according to the agreed time. Some changes in the consideration are estimated using the accumulated experience in the past as the expected value; other changes in the consideration are estimated based on the most likely amount. Considering that the construction progress of public works is influenced by factors that are not under the control of the parent company, the rewards for early completion are usually limited. The parent company only recognizes revenue within the scope of the cumulative income height that is unlikely to undergo a major turnaround. If the amount of the recognized income has not been requested, it is recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset is transferred to the accounts receivable.

If it is not possible to reasonably measure the degree of completion of the performance obligations of the engineering contract, contract revenue is recognized only within the range of expected recoverable costs.

When the company anticipates that the inevitable cost of fulfilling the obligations of a construction contract exceeds the expected gains from the contract, the liability provision for the lossy contract is recognized.

If the situation changes, the estimates of income, cost, and degree of completion will be revised, and during the period when the management is informed of the change in the situation, the resulting changes will be reflected in income.

The company provides standard warranty for public construction that conforms to the agreed specifications and has recognized warranty liability for this obligation.

(3) Financial components

The company expects that the time between the transfer of all customer contracts for goods or services to the customer and the time for the customer to pay for the goods or services will not exceed one year. Therefore, the company does not adjust the monetary time value of the transaction price.

(14) Cost of customer contract

1. The incremental cost of obtaining a contract

If the company expects to recover the incremental cost of obtaining a customer contract, the cost is recognized as an asset. The incremental cost of obtaining a contract is the cost incurred in obtaining a customer contract and not incurred if the contract is not obtained. The cost of obtaining a contract that will occur regardless of whether the contract is obtained is recognized as an expense when incurred, unless such cost is clearly chargeable to the customer regardless of whether the contract has been obtained.

The company adopts the standard practical expedient method. If the incremental cost of obtaining a contract is recognized as an asset and the amortization period of the asset is within one year, it is recognized as an expense when the incremental cost occurs.

2. The cost of fulfilling the contract

If the costs incurred in fulfilling the customer's contract are not within the scope of other standards (International Accounting Standard No. 2 "Inventory", International Accounting Standard No. 16 "Real Estate, Plant and Equipment" or International Accounting Standard No. 38 "Intangible Assets"), The parent company will only begin when these costs are directly related to the contract or clearly identifiable expected contract, will generate or strengthen resources that will be used to meet (or continue to meet) performance obligations in the future, and are expected to be recovered. Such costs are recognized as assets.

General and administrative costs, wasted raw materials used to fulfill the contract but are not reflected in the contract price, labor or other resource costs, costs related to fulfilled (or partially fulfilled) performance obligations, and inability to distinguish between unsatisfied and unsatisfied performance. Costs related to obligations or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(15) Government subsidy

When the consolidated company can receive government subsidies related to salary expenditures, the unconditional subsidies are recognized as other income. For other asset-related subsidies, when the company can reasonably be sure that it will comply with the conditions attached to the government subsidy and will receive the subsidy, such subsidies will be recognized as deferred income at fair value and recognize the deferred income as other income on a systematic basis within the useful life of the asset. For compensating the consolidated company's expenses or losses, such subsidies are recognized in income on a systematic basis and its related expenses as well are recognized in income.

(16) Employee benefits

1. Determine the withdrawal plan

The obligation to determine the pension plan is recognized as an expense during the service period of the employee.

2. Determine the welfare plan

The company's net obligation to determine the benefit plan is calculated for each benefit plan based on the present value of the employee's future benefits earned during the current or previous period of service, and the fair value of any plan assets is deducted.

The determination of welfare obligations is carried out annually by a qualified actuary based on the expected unit welfare method. When the calculation result may be beneficial to the company, the recognized asset is limited to the present value of any economic benefits that may be obtained in the form of refunding the withdrawal from the plan or reducing the

future withdrawal from the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The re-measured amount of net-determined welfare liabilities, including actuarial gains and losses, planned asset compensation (excluding interest), and any changes in the asset ceiling effect (excluding interest) are immediately recognized in other comprehensive profit and loss and accumulated in retained earnings. The company determines the net interest expense (income) of the net determined benefit liability (asset), using the net determined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses that determine the benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the number of changes in welfare related to previous service costs or reduced benefits or losses is immediately recognized as profit or loss. When liquidation occurs, the company recognizes and determines the liquidation profit and loss of the welfare plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are provided. If the company has current statutory or presumptive payment obligations due to employees providing services in the past, and the obligation can be reliably estimated, the amount is recognized as a liability.

(17) Share-based payment transaction

The share-based payment agreement for equity settlement is based on the fair value of the payment date. During the vesting period of the reward, the expense is recognized and the relative equity is increased. The recognized expense is adjusted according to the expected amount of rewards that meet the service conditions and non-market-priced vested conditions; and the final recognized amount is measured on the basis of the amount of rewards that meet the service requirements and non-market-priced vested conditions on the vesting day.

The non-vested conditions for the share-based payment of rewards have been reflected in the measurement of the daily fair value of the share-based payment and the difference between the expected and actual results does not need to be verified and adjusted.

The fair value of amount payable to employees for cash-delivered share appreciation rights is to recognize expenses and increase relative liabilities during the period when employees can obtain unconditional remuneration. The liability is remeasured on the basis of the fair value of the share appreciation rights on each reporting date and settlement date, and any changes in it are recognized as income.

(18) Income tax

Income tax includes current and deferred income tax. Except for those related to business consolidations or related items recognized directly in equity or other comprehensive gains or loss, current income tax and deferred income tax should be recognized in income.

Current income tax includes the estimated income tax payable or tax receivable payable based on the taxable income (loss) of the current year and any adjustments to income tax payable or tax receivable receivable in the previous year. The amount is based on the statutory tax rate on the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred income tax measures and recognizes the temporary difference between the book value of assets and liabilities for financial statementing purposes and their tax base. Temporary differences arising from the following circumstances are not recognized as deferred income tax:

1. Assets or liabilities originally recognized in a transaction that is not a business consolidation and does not affect accounting profits and taxable income (loss) at the time of the transaction;
2. Due to temporary differences arising from investment in subsidiaries, affiliated companies and joint venture interests, the company can control the timing of the temporary difference

reversal and is likely to not revert in the foreseeable future.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to reverse, and is based on the legal tax rate or substantive legislative tax rate on the reporting date.

The company will only offset the deferred income tax assets and deferred income tax liabilities when it meets the following conditions at the same time:

1. Have statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers subject to income tax levied by the same tax authority;
 1. The same taxpayer; or
 2. Different taxpayers, but each entity intends to pay off the current income tax liabilities and assets on a net basis for each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled, or at the same time Assets and liquidation of liabilities.

For the unused taxable losses and unused income tax credits at the later stage of transfer and deduction, the temporary difference can be recognized as deferred income tax assets in the range where there is a possibility that future taxable income will be available. It will be reassessed on each reporting day to reduce the relevant income tax benefits to the extent that it is not likely to be realized; or to revert the amount that has been reduced to the extent that it is likely to have sufficient taxable income.

(19) Earnings per share

The consolidated company lists the basic and diluted earnings per share attributable to the holders of the company's common equity. The basic earnings per share of the consolidated company is calculated by dividing the profit and loss attributable to the holders of the common stock equity of the company by the current weighted average number of common shares outstanding. Diluted earnings per share is calculated by adjusting the impact of all potential diluted common shares by dividing the profit and loss attributable to the common equity holders of the company and the weighted average number of common shares outstanding. The potential dilutive common stock of the consolidated company includes the employee's stock options and estimated employee compensation.

(20) Department Information

The operating department is an integral part of the consolidated company and is engaged in business activities that may earn income and incur expenses (including income and expenses related to transactions between other components in the consolidated company). The operating results of all operating departments are regularly reviewed by the chief operating decision maker of the consolidated company to make decisions on the allocation of resources to that department and evaluate its performance. Each operating department has separate financial information.

5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

When the management team prepares this consolidated financial statement in accordance with the International Financial statementing Standards recognized by the Financial Supervisory Commission, it must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Management team continues to review estimates and basic assumptions, and changes in accounting estimates are recognized during the period of change and future periods affected.

The accounting policy involves significant judgments and has no significant impact on the amount recognized in this consolidated financial statement.

Among uncertainties in assumptions and estimates, the existence of significant risks that will not

cause major adjustments for the following year will be as follows:

(1) Allowance loss for accounts receivable

The allowance loss for the accounts receivable of the consolidated company is estimated based on the assumption of default risk and expected loss rate. The company considers historical experience, current market conditions and forward-looking estimates on each reporting day to determine the assumptions and input values that must be used when calculating impairments. Please refer to Note 6 (3) for detailed explanations of relevant assumptions and input values.

(2) Evaluation of inventory

Since inventory must be measured at the lower of cost and net realizable value, the consolidated company assesses the amount of inventory due to normal wear and tear, obsolescence or no market sales value on the reporting date, and writes down the cost of inventory to net realizable value. This inventory evaluation is mainly based on the product demand in a specific period in the future as the basis for estimation, so it may cause significant changes due to rapid industrial changes. Please refer to Note 6 (4) for details of inventory evaluation and estimation.

6. Explanation of important accounting items

(1) Cash and Cash equivalent:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Petty cash, cheques and demand deposits	\$ 777,565	603,208
Certificate deposits	<u>79,744</u>	<u>179,880</u>
	<u>\$ 857,309</u>	<u>783,088</u>

Please refer to Note 6 (12) for the disclosure of interest rate risk and sensitivity analysis of the consolidated company's financial assets and liabilities.

The consolidated company's certificate deposits for more than three months as of December 31, 2020 and 2019 were \$0 thousand and \$14,613 thousands respectively. Because they were not used as the consolidated company's short-term assets, the accounts were recognized under other financial assets-current items. Please refer to note 6 (9) for details.

(2) Financial assets measured at fair value through other comprehensive gains and losses:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Equity instruments measured at fair value through other comprehensive gains and losses :		
Domestic listed (counter) company stocks-Powertip	\$ 152,542	148,548
Domestic unlisted (counter) company stocks-WK 9 ASSOCIATES LTD	342,008	308,526
Domestic unlisted (counter) company stocks — Other	213,563	182,375
U.S. listed company stocks	<u>2,882</u>	<u>6,358</u>
TOTAL	<u>\$ 710,995</u>	<u>645,807</u>

1. Investment in equity instruments measured at fair value through other comprehensive gains and losses

Due to the above-mentioned designation as an equity instrument investment measured at fair value through other comprehensive gains and losses, the dividend income recognized in 2020 and 2019 was \$3,691,000 and \$19,592,000, respectively.

2. For credit risk and market risk information, please refer to Note 6 (12).

3. None of the consolidated company's financial assets measured at fair value through other

comprehensive gains and losses have been provided as pledge and guarantees as of December 31, 2020 and 2019.

(3) Notes receivable, accounts receivable and collections

	2020.12.31	2019.12.31
Notes receivable — Occurs due to business	\$ 69,695	31,380
Accounts receivable — Measured by cost after amortization	480,657	384,388
Accounts receivable —		
Related parties-measured at amortized cost	40,071	50,071
Collection	311,540	543,935
Deduct : Allowance for bad debts	<u>(315,448)</u>	<u>(548,308)</u>
	<u>\$ 586,515</u>	<u>461,466</u>

The consolidated company adopts a simplified method to estimate expected credit losses for all notes receivable and accounts receivable, that is, using lifetime expected credit losses to measure. For the purpose of measurement, these notes and accounts receivable are based on the basis of representing customers' common credit risk characteristics of the contractual terms and ability to pay all due amounts are grouped and forward-looking information has been incorporated, including general economic and related industry information. The expected credit loss of the consolidated company's notes and accounts receivable analysis is as follow:

2020.12.31			
	Accounts receivable Book value	Weighted avg. expected credit loss ratio	Expected credit loss during the allowance period
Not overdue	\$ 572,447	0.01%	(39)
Less than 90 days overdue	14,797	5.33%	(788)
91~365 days overdue	424	76.89%	(326)
More than 366 days overdue	<u>314,295</u>	100%	<u>(314,295)</u>
	<u>\$ 901,963</u>		<u>(315,448)</u>

2019.12.31			
	Accounts receivable Book value	Weighted avg. expected credit loss ratio	Expected credit loss during the allowance period
Not overdue	\$ 451,565	0.01%	(41)
Less than 90 days overdue	10,504	5.35%	(562)
More than 366 days overdue	<u>547,705</u>	100%	<u>(547,705)</u>
	<u>\$ 1,009,774</u>		<u>(548,308)</u>

The consolidated company's notes receivables, accounts receivable and collections of the allowance loss's statement of changes are as follows:

	2020	2019
Beginning balance	\$ 548,308	551,085
Recognized impairment loss	682	-

Reversal of impairment loss	-	(44)
Annual amount written off due to uncollectible	(233,553)	(247)
Ending balance	<u>11</u>	<u>(2,486)</u>

None of the consolidated company's notes and accounts receivable have been provided as pledge and guarantees as of December 31, 2020 and 2019.

(4) Inventory

1. The inventory details are as follows:

	<u>109.12.31</u>	<u>108.12.31</u>
Raw materials and consumables	\$ 66,150	74,285
WIP	5	-
Semi-finished goods	76,598	51,445
Finished goods	<u>72,621</u>	<u>93,618</u>
	<u>\$ 215,374</u>	<u>219,348</u>

2. The consolidated company recognizes the loss of inventory depreciation due to inventory write-down to the net realizable value, or the increase in the net realizable value due to the improvement of economic conditions and the reduction of the recognized cost of goods sold are as follows:

	<u>2020</u>	<u>2019</u>
Loss for market price decline and obsolescence.		
(Gain from recovery)	<u>\$ 6,813</u>	<u>12,970</u>

3. None of the consolidated company's inventories have been provided as pledge and guarantees as of December 31, 2020 and 2019.

(5) Investment using the equity method

The consolidated company's investments using the equity method on the reporting date are listed below:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Associated companies	<u>\$ 119,988</u>	<u>114,728</u>

1. The associated companies of the company that adopt the equity method are individually insignificant, and their summary financial information is as follows. Such financial information is the amount included in the company's individual financial report:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Period-end summary of the equity of individual insignificant associated companies		
Book value	<u>\$ 629,229</u>	<u>507,109</u>
	<u>2020</u>	<u>2019</u>
Share attributable to the company :		
Continuing business unit's current net	\$ 21,858	9,120

profit		
Other comprehensive gain and loss	1,702	(7,625)
Total comprehensive gain and loss	<u>\$ 23,560</u>	<u>1,495</u>

2. Guarantee

None of the consolidated company's investment using the equity method have been provided as pledge and guarantees as of December 31, 2020 and 2019

(6) Loss control of subsidiaries

The consolidated company passed the resolution of the board of directors on June 12, 2019 to dispose 100% of Dongguan Lisheng Circuit Board Co., Ltd. and lose control of it. The transaction was completed on October 30, 2019 and the disposal price was NT\$29,122,000. The disposition benefit was NT\$7,621,000. The amount of NT\$22,062,000 has been recovered whereas NT\$7,060,000 has not yet been recovered, which is accounted for under other receivables in other current financial asset, please refer to Note 6(9) for details.

The details of the book value of assets and liabilities of Dongguan Lisheng Circuit Board Co., Ltd. as of September 30, 2019 are as follows:

Prepayment	\$	1,808
Other receivables		3,279
Property, plant and equipment		15,122
Refundable deposits		<u>1,292</u>
Book value of previous subsidiary's net assets	<u>\$</u>	<u>21,501</u>

(6) Property, plant and equipment

The cost and depreciation changes of the consolidated company's property, plant and equipment are as follows:

	<u>Property</u>	<u>Plant</u>	<u>Equipment</u>	<u>Other</u>	<u>Total</u>
Cost :					
Balance as of January 1, 2020	\$ 41,360	591,925	2,861,380	336,066	3,830,735
Add	-	1,987	3,539	2,962	8,488
Dispose	-	-	(90,088)	(10,150)	(100,238)
Reclassify	-	-	9,542	-	9,542
Impact of exchange rate	-	6,946	43,777	4,795	55,518
Balance as of December 31, 2020	<u>\$ 41,360</u>	<u>600,862</u>	<u>2,828,150</u>	<u>333,673</u>	<u>3,804,045</u>
Balance as of January 1, 2019	\$ 41,360	669,425	3,028,676	355,073	4,094,538
Add	-	2,211	3,844	5,769	11,824
Depose	-	(23)	(22,132)	(3,835)	(25,990)
Delist	-	(63,574)	(49,722)	(9,757)	(123,053)
Impact of exchange rate	-	(16,114)	(99,286)	(11,184)	(126,584)
Balance as of December 31, 2019	<u>\$ 41,360</u>	<u>591,925</u>	<u>2,861,380</u>	<u>336,066</u>	<u>3,830,735</u>

Amortization :

Balance as of January 1, 2020	\$	-	335,574	2,666,557	290,667	3,292,798
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Amortize	-	15,927	31,087	25,206	72,220
Dispose	-	-	(90,088)	(10,150)	(100,238)
Impact of exchange rate	-	4,413	41,109	5,046	50,568
Balance as of December 31, 2020	\$ -	355,914	2,648,665	310,769	3,315,348
Balance as of January 1, 2019	\$ -	373,043	2,788,912	297,634	3,459,589
Amortize	-	21,424	40,997	16,280	78,701
Delist	-	(23)	(22,130)	(3,835)	(25,988)
Impact of exchange rate	-	(49,318)	(49,309)	(9,304)	(107,931)
Balance as of December 31, 2019	-	(9,552)	(91,913)	(10,108)	(111,573)

Book value :

Balance as of December 31, 2020	\$	41,360	244,948	179,485	22,904	488,697
Balance as of December 31, 2019	\$	41,360	256,355	194,823	45,399	537,937

(8) Right-of-use asset

The cost and depreciation of the consolidated company's leased land, houses and buildings, etc., are detailed as follows:

	Property	Plant	Total
Cost of right-of use asset :			
Balance as of January 1, 2020	\$ 56,755	156,566	213,321
Increase	111	63,109	63,220
Decrease	-	(83,191)	(83,191)
Impact of exchange rate	841	(1,175)	(334)
Balance as of December 31, 2020	\$ 57,707	135,309	193,016
Balance as of January 1, 2019	\$ -	-	-
The number of effects of retrospective IFRS16 application	54,760	94,294	149,054
Increase	3,946	85,062	89,008
Decrease	-	(20,744)	(20,744)
Impact of exchange rate	(1,951)	(2,046)	(3,997)
Balance as of December 31, 2019	\$ 56,755	156,566	213,321
Amortization of right-of use asset:			
Balance as of January 1, 2020	\$ 2,391	34,313	36,704
Current amortization	2,378	33,894	36,272
Decrease	-	(1,490)	(1,490)
Impact of exchange rate	41	1,212	1,253
Balance as of December 31, 2020	\$ 4,810	67,929	72,739
Balance as of January 1, 2019	\$ -	-	-
Current amortization	2,433	38,482	40,915

Decrease	-	(2,999)	(2,999)
Impact of exchange rate	(42)	(1,170)	(1,212)
Balance as of December 31, 2019	<u>\$ 2,391</u>	<u>34,313</u>	<u>36,704</u>
Book value :			
Balance as of December 31, 2020	<u>\$ 52,897</u>	<u>67,380</u>	<u>120,277</u>
Balance as of December 31, 2019	<u>\$ 54,364</u>	<u>122,253</u>	<u>176,617</u>

1. The increase in right-of-use assets in 2020 and 2019 is due to the change in the lease period of the consolidated company's retail store and the extension of the lease period of land and plant. Please refer to Note 6 (13) for details on the related changes in lease liabilities.
2. The decrease of right-of-use assets in 2020 and 2019 is due to the expiry of the lease agreement for part of the leased plant of the consolidated company. The result of the rent negotiation is not as expected and it is not planned to renew the lease according to the original plan. For detailed explanations about the changes in the lease liability, please refer to Note 6 (13).

(9) Other financial assets-current

	2020.12.31	2019.12.31
Other receivables	\$ 87,663	109,268
Restricted assets-certificate deposits	63,493	62,013
Other	-	14,613
	<u>\$ 151,156</u>	<u>185,894</u>

None of the consolidated company's other receivable have been impaired as of December 31, 2020 and 2019.

(10) Short-term loans

	2020.12.31	2019.12.31
Bank Guaranteed Loan	<u>\$ 60,000</u>	<u>50,000</u>
Unused quota	<u>\$ -</u>	<u>-</u>
Interest rate range	<u>1.43%</u>	<u>1.99%</u>

1. For the risk information of the interest rate and liquidity risk of the consolidated company, please refer to Note 6 (22).
2. Please refer to note 8 for details of the circumstances in which the consolidated company uses assets to set mortgages for short-term borrowings.

(11) Long-term loans

The details of the company's long-term loans are as follows:

	Maturity	2020.12.31	2019.12.31
Unsecured bank loans	2020	\$ -	1,608
Deduct: Long-term loans due within one year		-	8,176
Total		-	(9,784)
Unused quota		<u>\$ -</u>	<u>-</u>

Current interest rate range	\$ <u>-</u>	<u>1.62%~1.99%</u>
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1. The consolidated company's long-term loans have no major issuance or repurchase between 2020 and 2019, and the repayment amount is NT\$ 9,784,000 and NT\$ 18,815,000 respectively.
2. The guarantee situation of the consolidated company using assets to set up mortgage for long-term loans, please refer to Note 8.

(12) Other payables and other current liabilities

	2020.12.31	2019.12.31
Payable expenses	\$ 32,670	85,863
Salaries and bonuses payable	40,718	42,612
Payable employee dividends and remuneration to directors and supervisors	26,864	27,968
Pension payable	11,011	10,810
Other	10,453	18
	<u>\$ 121,716</u>	<u>167,271</u>

(13) Lease liability

The book values of the consolidated company's lease liabilities are as follows:

	2020.12.31	2019.12.31
Current	<u>\$ 14,432</u>	<u>39,462</u>
Non-current	<u>\$ 57,128</u>	<u>90,822</u>

For maturity analysis, please refer to Note 6 (22) Financial Instruments.

The consolidated company's lease liabilities decreased by NT\$79,012,000 in 2020 due to the change in the lease term of the consolidated company and the expiration of part of the plant leases. The result of the rent negotiation was not as expected and so the lease was not renewed as planned; The increase in liabilities was NT\$63,220,000, which was due to the extension of the lease period of the land and plant of the consolidated company. Lease liabilities increased by NT\$89,008,000 in 2019 due to the change in the lease period of the consolidated company's retail store and the extension of the lease period of land and plant; the lease of the plant for Dongguan Lisheng Circuit Board Co., Ltd., a subsidiary of the consolidated company, expired and the rent negotiation failed. Thus, looking for other factories which results in a decrease of NT\$20,008,000 in lease liabilities. Please refer to Note 6 (8) for the description of the related changes in the right-of-use assets.

The amounts recognized in income are as follows:

	2020	2019
Interest expense on lease liability	<u>\$ 1,004</u>	<u>2,996</u>
Changes in lease payments that are not included in the measurement of lease liabilities and Costs for short-term leases and low-value leased assets	<u>\$ 13</u>	<u>-</u>

The amounts recognized in the cash flow statement are as follows:

	2020	2019
Total cash outflow from lease	<u>\$ 38,673</u>	<u>45,662</u>

The consolidated company's renews period for the lease term of land, houses and

buildings as office premises and factory plants is usually three to five years. In addition, the land's right-of-use in China usually lasts for 50 years. Part of the lease includes the option to extend the same period as the original contract when the lease term expires. The lease payments of some contracts depend on changes in the local price index.

Part of the contract also stipulates that the consolidated company advance the tax and insurance expenses related to the real estate to the lessor. Such expenses are usually incurred once a year.

(14) Employee benefits

1. Determine the benefit plan

The consolidated company determines the adjustment between the present value of welfare obligations and the fair value of project assets as follows

	2020.12.31	2019.12.31
Determine the present value of welfare obligations	\$ (41,072)	(39,132)
Fair value of project assets	15,717	15,007
Net Definite Benefits Net Liabilities	<u><u>\$ (25,355)</u></u>	<u><u>(24,125)</u></u>

The consolidated company's definite benefit plan is transferred to the special labor retirement reserve account of the Bank of Taiwan. The retirement payment of each employee which is subject to the Labor Standards Act is calculated based on the base number of years of service and the average salary of the six months before retirement.

(1) Project asset composition

The retirement fund allocated by the consolidated company in accordance with the Labor Standards Act is coordinated and managed by Bureau of labor funds under Ministry of Labor (hereinafter referred to as the Labor Fund Bureau). The minimum income allocated shall not be lower than the income calculated based on the two-year fixed deposit interest rate of the local bank.

As of the end of the reporting period, the balance of the consolidated company's Labor Retirement Reserve Special Account in Bank of Taiwan was NT\$15,717,000. The information on the use of labor pension funds includes fund return rate and fund asset allocation. Please refer to the information published on the website of Bureau of labor funds under Ministry of Labor.

(2) Determination of changes in the present value of welfare obligations

The consolidated company's determination of the changes of the present value of welfare obligations in 2020 and 2019 are as follows:

	2020	2019
Confirmation of welfare obligations on January 1	\$ (39,132)	(39,521)
Current service cost and interest	(420)	(411)
Remeasurement of net defined benefit liabilities		
— Profit (loss) of project asset return	(1,747)	317
— Actuarial losses due to changes in financial assumptions	(1,573)	(196)
Project Benefits paid	1,800	679
Confirmation of welfare obligations on December 31	<u><u>\$ (41,072)</u></u>	<u><u>(39,132)</u></u>

(3) Changes in the fair value of project assets

The consolidated company's changes in the fair value of the assets of the determined benefit plan in 2020 and 2019 are as follows:

2020	2019
-------------	-------------

Fair value of project assets on January 1	\$	15,007	14,925
Interest income		96	72
Remeasurement of net defined benefit liabilities			
— Benefits of project asset remuneration (excluding current interest)		515	589
Amount allocated to the project		99	100
Project Benefits paid		-	(679)
Fair value of project assets on December 31	\$	15,717	15,007

(4) Expenses recognized as profit and loss

List of recognized expenses in 2020 and 2019 is as follow:

	2020	2019
Current service cost	\$ 157	155
Net interest on net confirmed benefit liabilities	167	183
	\$ 324	338

	2020	2019
Management fees	\$ 324	338

(5) Re-measured amount of net confirmed benefit liabilities recognized as other comprehensive gains and losses

The consolidated company's accumulated remeasured amount of net defined benefit liabilities recognized in other comprehensive income is as follows:

	2020	2019
Accumulated balance on January 1	\$ (9,518)	(8,808)
Recognized loss (profit) in the current period	2,805	(710)
Accumulated balance on December 31	\$ (6,713)	(9,518)

(6) Actuarial assumption

The major actuarial assumptions used by the consolidated company to determine the present value of welfare obligations at the end of the financial report are as follows:

	2020.12.31	2019.12.31
Discount rate	0.30%	0.70%
Future salary increase	2.00%	2.00%

The consolidated company expects to pay NT\$454,000 to the definite benefit plan within one year after the reporting date in 2020.

The weighted average duration of the defined benefit plan is 9 years.

(7) Sensitivity analysis

When calculating and determining the present value of welfare obligations, the consolidated company must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet, including discount rates, employee turnover rates, and future salary changes, etc. Any change in actuarial assumptions may materially affect the amount of the company's determined welfare obligations.

When adopting the main actuarial assumptions, the impact of changes in determining the present value of welfare obligations in 2020 and as of December 31, 2019 is as follows:

	Impact on determined welfare obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2020		
Discount rate	\$ (994)	1,034
Future salary increase	1,014	(980)
December 31, 2019		
Discount rate	(964)	1,005
Future salary increase	989	(954)

The sensitivity analysis above is based on the analysis of the impact of a single assumption change while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities in the balance sheet.

The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those in the previous period.

2. Determine the allocation plan

The consolidated company's defined allocation plan is based on the labor pension regulations and is allocated to Bureau of labor insurance's labor pension individual account at a rate of 6% of the labor's monthly salary. Under this plan, after the consolidated company allocates a fixed amount to Bureau of labor insurance, there is no statutory or constructive obligation to pay additional amounts. The pension expenses under the method for determining the appropriation of pensions in 2020 and 2019 are NT\$2,556,000 and NT\$2,541,000 respectively, which have been allocated to Bureau of labor insurance.

In 2020 and 2019, the overseas subsidiaries of the consolidated company will recognize retirement pension expenses of NT\$4,525,000 and NT\$19,446,000 respectively in accordance with local government regulations.

(15) Income tax

1. Income tax expense

(1) The consolidated company's income tax expenses are as follows:

	2020	2019
Current income tax expense		
Occurred in the current period	\$ 30,139	17,220
Finance and tax difference	(71)	(91)
Income tax assessment difference	2,721	2,899
	<u>32,789</u>	<u>20,028</u>
Deferred income tax expense		
The occurrence and reversal of temporary differences	16,185	5,640
Income tax expense	<u>\$ 48,974</u>	<u>25,668</u>

(2) The details of income tax (benefits) expenses recognized by the consolidated company under other comprehensive gains and losses are as follows:

The consolidated company's details of income tax (benefits) expenses recognized under other comprehensive gains and losses in 2020 and 2019 are as follows:

	2020	2019
Items not reclassified to profit or loss :		
The actuarial profit (loss) of the defined benefit welfare plan	<u>\$ (561)</u>	<u>142</u>

(3) The reconciliation between the consolidated company's income tax expenses and

pre-tax net profit is adjusted as follows:

	<u>2020</u>	<u>2019</u>
Net profit before tax	\$ 182,089	259,547
Income tax calculated based on the domestic tax rate of the consolidated company's location	36,418	51,909
Impact of tax rate differences in foreign jurisdictions	357	6,875
Recognize the net investment interest using the equity method	4,783	(32,951)
Tax adjustment	(773)	(2,973)
Undistributed surplus levied 5%	5,539	-
Differences between income tax assessment estimation	<u>2,650</u>	<u>2,808</u>
	<u>\$ 48,974</u>	<u>25,668</u>

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

The items that the consolidated company's overseas investee companies have not recognized as deferred income tax liabilities are as follows:

	<u>109.12.31</u>	<u>108.12.31</u>
Accumulated unrealized profit share with overseas investee companies	<u>\$ 328,937</u>	<u>339,571</u>

(2) Unrecognized deferred income tax assets

The items that the consolidated company's overseas investee companies have not recognized as deferred income tax assets are as follows:

	<u>109.12.31</u>	<u>108.12.31</u>
Accumulated unrealized loss share with overseas investee companies	<u>\$ 186,948</u>	<u>182,177</u>

The temporary differences related to overseas investee companies are not recognized as deferred income tax assets and liabilities because the consolidated company can control the timing of the reversal of the temporary differences, and it is likely that they will not revert in the foreseeable future in 2020 and as of December 31, 2019. Other items not recognized as deferred income tax assets of KoBrite Taiwani, a subsidiary of the consolidated company, are as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Temporary differences can be reduced	\$ 70	264
Taxable loss	<u>79,514</u>	<u>78,934</u>
	<u>\$ 79,584</u>	<u>79,198</u>

Taxable losses are in accordance with the Income Tax Act. The losses in the previous ten years are deducted from the net profit of the current year as approved by Revenue Service Office, and then the income tax is re-assessed. Such item was not recognized as deferred income tax assets because it is unlikely that KoBrite Taiwan, a subsidiary of the company, will have sufficient taxable income for the temporary difference in the future.

As of December 31, 2020, the company's subsidiary KoBrite Taiwan's undeducted

losses and deduction periods are as follows:

<u>Year of deficit</u>	<u>Undeducted loss</u>	<u>The last year for deduction</u>
2011 (Approved number)	\$ 87,980	2021
2012 (Approved number)	62,757	2022
2013 (Approved number)	54,151	2023
2014 (Approved number)	58,855	2024
2015 (Approved number)	48,221	2025
2016 (Approved number)	22,832	2026
2017 (Approved number)	15,574	2027
2018 (Approved number)	26,451	2028
2019 (Approved number)	20,747	2029
	<u>\$ 397,568</u>	

(3) Recognized deferred tax assets and liabilities

The changes in the consolidated company's deferred income tax assets and liabilities are as follows:

	<u>Defined benefit plan</u>	<u>Other</u>	<u>Total</u>
Deferred income tax asset :			
Balance as of January 1, 2020	\$ 7,770	9,168	16,938
(Debit)/Credit Income Statement	(315)	4,346	4,031
Balance as of December 31, 2020	<u>\$ 7,455</u>	<u>13,514</u>	<u>20,969</u>
Balance as of January 1, 2019	\$ 7,722	14,906	22,628
(Debit)/Credit Income Statement	48	(5,738)	(5,690)
Balance as of December 31, 2019	<u>\$ 7,770</u>	<u>9,168</u>	<u>16,938</u>
Deferred income tax liability :			
Balance as of January 1, 2020	\$ 1,902	1	1,903
(Debit)/Credit Income Statemen	-	20,216	20,216
(Debit)/Credit other comprehensive gain/loss	(561)	-	(561)
Balance as of December 31, 2020	<u>\$ 1,341</u>	<u>20,217</u>	<u>21,558</u>
Balance as of January 1, 2019	\$ 1,760	51	1,811
(Debit)/Credit Income Statemen	-	(50)	(50)
(Debit)/Credit other comprehensive gain/loss	142	-	142
Balance as of December 31, 2019	<u>\$ 1,902</u>	<u>1</u>	<u>1,903</u>

3. In accordance with the laws of each country of incorporation, the income tax of profitable

businesses of the consolidated company shall be declared separately by each individual company and shall not be declared in a consolidated manner.

4. The income tax settlement declarations of the company and its subsidiary KoBrite Taiwan's profitable business have been approved by the auditing agency till year of 2018.

(16) Capital and other equity

1. Equity

The company's authorized total capital stock is \$3,500,000 thousands. A par value of \$10 per share with total of 350,000 thousand shares. The aforesaid total authorized share capital is all common stock. The issued shares are 181,674 thousand shares and 186,674 thousand shares respectively and the payment for all issued shares has been received.

2. Capital reserve

The content of the company's capital reserve balance is as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Premium of issued sotck	\$ 308,780	329,683
Convertible corporate bonds during the redemption period are classified as other items in capital reserve	88,350	88,350
Capital reserve arising from share-based payment transactions	23,100	23,100
Adopting the equity method to recognize the changes in the net value of the equity of affiliated companies and joint venture	343	-
Changes in affiliated companies recognized using the equity method	836	-
Other	550	550
	<u><u>\$ 421,959</u></u>	<u><u>441,683</u></u>

According to the Company Act, the capital reserve must be given priority to make up for the losses before it can be issued to new shares or cash in proportion to the shareholders' original shares based on the realized capital reserve. The "realized capital reserve" mentioned in the preceding paragraph includes the excess of the issuance of stocks in excess of the par value and the income received from donations. In accordance with "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the total amount of the capital reserve that can be allocated for replenishment each year shall not exceed 10% of the paid-in capital.

3. Retained earning

According to the company's articles of association, if there is a surplus in the annual final accounts, the tax should be paid first and make up for the accumulated losses over the years, then 10% of legal reserve shall be set aside and the special reserve shall be set aside or converted according to the law or the competent authority. If there is still a surplus after, the balance shall be added to the undistributed reserve accumulated in the previous year and the board of directors shall draft a distribution proposal and submit it to the shareholders meeting for a resolution.

In accordance with the Company Act, the company authorizes the board of directors to have more than two-thirds of the directors present and the resolution of more than half of the directors present shall distribute dividends and bonuses or legal reserve stipulated in Article 241, Paragraph 1 of the Company Act and all or part of the paid-in capital. The above all shall be distributed in cash and reported to the board of directors.

Shareholder dividends and employee dividends are issued in two types: stock dividends and cash dividends, of which the ratio of cash dividends shall not be less than 10%.

The company's board of directors resolved to distribute cash dividends for 2019 earnings on March 20, 2020, and in the shareholders' meeting resolved cash dividends for 2018 earnings on June 12, 2019. The dividends distributed to owners are as follows:

	2019		2018	
	Dividend rate	Amount	Dividend rate	Amount
Dividends distributed to owners of common stock :				
Cash	\$ 0.82	<u>141,340</u>	0.52	<u>97,071</u>

On March 18, 2021, the board of directors proposed a profit distribution proposal for 2020. The amount of dividends distributed to owners is as follows:

	2020	
	Dividend rate	Amount
Dividends distributed to owners of common stock :		
Cash	\$ 0.80	<u>137,339</u>

4. Treasury stock

The company passed a resolution of the board of directors on March 20, 2020 to buy back 5,000 thousand common stock as necessary to maintain the company's credit and shareholders' equity. Since the company's original issued common stock were 186,674 thousand shares, the proposed purchase of shares this time are accounted for 2.68% of the issued common stock, which did not have a significant impact on the company's financial status.

The treasury stock's buyback plan was completed on May 22, 2020. A total of 5,000 thousand shares were bought back with total amount of \$70,903 thousands. The company's board of directors resolved on August 7, 2020 to cancel the 5,000 thousand treasury shares bought back for the purpose of maintaining the company's credit and shareholders' equity. The base date for capital reduction is August 10, 2020, and the change registration has been completed.

The company passed a resolution of the board of directors on August 9, 2019 to buy back 10,000 thousand common stock as to transfer to employees. Since the company's original issued common stock were 186,674 thousand shares, the proposed purchase of shares this time are accounted for 5.36% of the issued common stock, which did not have a significant impact on the company's financial status. The treasury stock's buyback plan was completed on October 9, 2019. A total of 10,000 thousand shares were bought back with total amount of \$149,507 thousands.

As of December 31, 2019 and 2020, the number of shares repurchased as treasury stock was 10,000 thousand shares.

5. Other equity (net after tax)

	Difference arising from the exchange of net assets of foreign operating institutions	Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses	Other
Balance as of January 1, 2020	\$ (178,989)	177,576	(1,413)
difference arising from the exchange of net assets of foreign operating institutions	(15,813)	-	(15,813)
Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses	-	68,818	68,818

Dispose of equity instruments measured at fair value through other comprehensive gains and losses	<u>-</u>	<u>57</u>	<u>57</u>
Balance as of December 31, 2020	<u>\$ (194,802)</u>	<u>246,451</u>	<u>51,649</u>
Balance as of January 1, 2019	\$ (89,632)	5,25	(84,382)
difference arising from the exchange of net assets of foreign operating institutions	(89,357)	-	(89,357)
Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses	-	173,17	173,177
Dispose of equity instruments measured at fair value through other comprehensive gains and losses	<u>-</u>	<u>(851)</u>	<u>(851)</u>
Balance as of December 31, 2019	<u>\$ (178,989)</u>	<u>177,57</u>	<u>(1,413)</u>

(17) Earnings per share

1. Basic earnings per share

The basic earnings per share of the consolidated company for 2020 and 2019 are calculated on the basis of the net profit attributable to common equity holders of the company and the weighted average number of outstanding shares of common stocks. The relevant calculations are as follows:

(1) Net profit attributable to holders of the company's common stocks

	<u>2020</u>	<u>2019</u>
Net profit attributable to holders of the company's common stock	<u>\$ 128,125</u>	<u>234,486</u>

(2) The weighted average number of common shares outstanding

	<u>2020</u>	<u>2019</u>
Common shares outstanding on January 1	176,674	186,674
Impact of treasury stocks	<u>(3,437)</u>	<u>(2,927)</u>
The weighted average number of common shares outstanding on December 31	<u>173,237</u>	<u>183,747</u>

	<u>2020</u>	<u>2019</u>
(3) Basic earnings per share (NT \$)	<u>\$ 0.74</u>	<u>1.28</u>

2. Diluted earnings per share

The diluted earnings per share for 2020 and 2019 are calculated on the basis of the net profit attributable to common equity holders of the company and the weighted average number of common stocks outstanding after adjusting the dilution effect of all potential common stocks. The relevant calculations are as follows :

(1) Net profit attributable to the company's common stock holders (diluted)

	<u>2020</u>	<u>2019</u>
Net profit attributable to holders of the company's common stocks (Basically diluted)	<u>\$ 128,125</u>	<u>234,486</u>

(2) Weighted average number of shares outstanding (diluted) of common stocks (thousand shares)

	<u>2020</u>	<u>2019</u>
Weighted average number of shares outstanding (basic)	173,237	183,747

The impact of employee stock dividends	2	2
The weighted average number of common stocks outstanding on December 31 (diluted)	173,239	183,749

(3) Diluted earnings per share (NT\$)

	2020	2019
Diluted earnings per share	\$ 0.74	1.27

(18) Revenue from customer contracts

1. Revenue breakdown

		2020				
		Dept. A	Dept. B	Dept. C	Other	Total
Major regional markets :						
China and HK	\$	242,426	387,122	27,156	1,346	658,050
Taiwan		195,530	-	74,935	-	270,465
United States		120,875	-	-	-	120,875
Korea		207,763	-	-	-	207,763
Other		118,534	-	-	-	118,534
Total	\$	885,128	387,122	102,091	1,346	1,375,687
Main product/service line :						
LED components and product manufacturing and sales	\$	838,674	360,754	-	-	1,199,428
Construction		7,900	-	74,935	-	82,835
Other		38,554	26,368	27,156	1,346	93,424
Total	\$	885,128	387,122	102,091	1,346	1,375,687

		2019				
		Dept. A	Dept. B	Dept. C	Other	Total
Major regional markets :						
China and HK	\$	463,853	346,139	31,917	23,807	865,716
Taiwan		179,948	5,482	229,407	-	414,837
United States		179,539	-	-	-	179,539
Korea		209,877	-	-	-	209,877
Other		93,690	-	-	-	93,690
Total	\$	1,126,907	351,621	261,324	23,807	1,763,659

Main product/service line :

LED components and product manufacturing and sales	\$ 1,108,132	328,931	5,560	-	1,442,623
Construction	13,405	-	234,889	-	248,294
Other	5,370	17,130	26,435	23,807	72,742
Total	\$ 1,126,907	346,061	266,884	23,807	1,763,659

2. Contract balance

	2020.12.31	2019.12.31	2019.1.1
Contract assets- construction	\$ 107,420	271,917	170,034

Please refer to Note 6 (3) for the disclosure of accounts receivable and its impairment. Changes in contract assets are mainly due to the difference between the time when the company transfers goods or services to the customer to meet the performance obligations and the time when the customer pays.

(19) Construction contracts

The details of the contract revenue of the merged company's recognition of construction contracts in 2020 and 2019 based on the percentage of completion method are as follows:

	2020.12.31	2019.12.31
The amount of contract revenue recognized as revenue in the current period	\$ 82,917	248,294
Cumulative costs incurred (including contract costs related to future activities)	\$ 363,502	488,031
Add: accumulative total recognized project benefits	44,841	98,067
Cumulative incurred costs and recognized profits	408,343	586,098
Less: accumulative project progress request amount	300,923	314,181
Net	\$ 107,420	271,917
Contractual job reported as the total amount of customer accounts receivable for assets	\$ 408,343	586,098
Contractual job reported as the total amount of accounts payable to customers for liabilities	\$ 300,923	314,181
Retained amount of construction contract	\$ 34,347	46,177

Please refer to Note 6 (18) for the disclosure of the contract balance and the amount of income.

(20) Remuneration of employees, directors and supervisors

According to the company's articles of association, the current year's pre-tax benefits shall be used to deduct the benefits before the distribution of employee compensation and directors' remuneration. After retaining the amount of accumulated losses, if there is a balance, the employee's remuneration shall not be less than 8% and the director and supervisors' remuneration shall not be more than 2%. The aforementioned employee remuneration which may be issued by stock or cash, includes employees from affiliated companies who meet certain conditions.

The company's remuneration for employees in 2020 and 2019 is NT\$15,592,000 and NT\$22,374,000 respectively and the remuneration for directors and supervisors is NT\$3,898,000 and NT\$5,594,000, which are based on the company's pre-tax net profit for

each period. The amount before deduction of employees, directors and supervisors' remuneration multiplied by the number of employees' remuneration and directors' and supervisors' remuneration as stipulated in the company's articles of association is the basis for estimation, and is reported as operating costs or operating expenses for 2020 and 2019. If difference between the actual distribution amount in the next year and the estimated amount occurs, such occurrence will be dealt with accordance to the change in accounting estimates and the difference will be recognized as the profit and loss of the next year.

(21) Non-operating income and expenses

1. Interest income

The detail of the consolidated company's interest income are as follows:

	2020	2019
Interest from bank deposits	<u>\$ 11,918</u>	<u>6,696</u>

2. Other income

The detail of the consolidated company's other income for 2020 and 2019 are as follows:

	2020	2019
Rental income	\$ 22,337	22,054
Dividend income	3,691	19,592
Government subsidy income	4,693	-
Other	22,098	19,774
	<u>\$ 52,819</u>	<u>61,420</u>

3. Other gains and losses

The detail of the consolidated company's other gains and losses for 2020 and 2019 are as follows:

	2020	2019
Net foreign currency exchange gains	\$ (7,868)	42,784
Gains from disposal of fixed assets	1,385	722
Dispose of financial asset benefits measured at fair value through other comprehensive gains and losses	-	388
Gains from disposal of investment	-	7,621
Other	(2,530)	(3,843)
	<u>\$ (9,013)</u>	<u>47,672</u>

(22) Financial instruments

1. Credit risk

(1) Exposure of credit risk

The book value of financial assets and contract assets represents the maximum amount of credit risk.

(2) Concentration of credit risk

Since the company has a broad customer base and does not significantly concentrate on transactions with a single customer and the sales area is scattered, there is no significant concentration of the credit risk of accounts receivable. In order to reduce credit risk, the company also regularly and continuously evaluates the financial situation of customers, but usually does not require customers to provide collateral.

(3) Credit risk of accounts receivable

Please refer to Note 6 (3) for the credit risk exposure information of notes and

accounts receivable.

Other financial assets measured at amortized cost include other receivables and certificates of deposit, etc. Please refer to Note 6 (9) for details of the impairment provision status on December 31, 2019 and 2020.

All the financial assets listed above are with low credit risk. Therefore, the amount of expected credit losses in twelve months is used to measure the allowance for loss during the period (for the explanation of how the company determines that the credit risk is low, please refer to Note 4 (7)).

2. Liquidity risk

The following table shows the contractual maturity dates of financial liabilities, excluding the effect of estimated interest.

	<u>Book value</u>	<u>Contractual cash flow</u>	<u>within 1 yr</u>	<u>1-2yr</u>	<u>above 2yrs</u>
December 31,2020					
Non-derivative financial liabilities					
Bank loan	\$ 60,000	(60,858)	(60,858)	-	-
Notes and Accounts Payable(Including related parties)	315,325	(315,325)	(315,325)	-	-
Lease liabilities (including non-current)	111,263	(111,263)	(111,263)	-	-
Other payables	71,560	(77,770)	(16,494)	(31,618)	(29,658)
	<u>\$ 558,148</u>	<u>(565,216)</u>	<u>(503,940)</u>	<u>(31,618)</u>	<u>(29,658)</u>
December 31,2019					
Non-derivative financial liabilities					
Bank loans	\$ 59,784	(60,943)	(60,943)	-	-
Notes and Accounts Payable(Including related parties)	286,593	(286,593)	(286,593)	-	-
Other payable	167,253	(167,253)	(167,253)	-	-
Lease liabilities (including non-current)	130,284	(137,302)	(40,468)	(36,425)	(60,409)
	<u>\$ 643,914</u>	<u>(652,091)</u>	<u>(555,257)</u>	<u>(36,425)</u>	<u>(60,409)</u>

The consolidated company does not expect the cash flow analysis on the due date to occur significantly earlier, or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The company's financial assets and liabilities exposed to significant foreign currency exchange rate risks are as follows:

	<u>2020.12.31</u>			<u>2019.12.31</u>		
	<u>Foreign currency</u>	<u>Exange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
RMB	\$ 242	4.377	1,059	300	4.305	1,292
USD	13,403	28.480	381,707	20,693	29.980	620,376

HKD	49,037	3.673	180,113	64,167	3.849	246,979
<u>Financial liabilities</u>						
<u>Monetary item</u>						
RMB	181	4.377	792	2,543	4.305	10,948
USD	208	28.480	5,924	3,331	29.980	99,863
HKD	24,740	3.673	90,870	2,773	3.849	10,673

(2) Sensitivity analysis

The consolidated company's exchange rate risk mainly comes from cash denominated in foreign currencies, cash equivalents and accounts receivable, etc., resulting in foreign currency exchange gains and losses during conversion. In 2020 and 2019, when the NTD depreciates 5% against the USD, RMB and HKD, under all other factors remain unchanged, the net profit before tax for 2020 and 2019 decreased by NT\$23,265,000 and NT\$37,358,000 respectively.

(3) Exchange gains and losses of monetary items

Due to the wide variety of functional currencies that the consolidated company uses, the exchange gain and loss information of monetary items is disclosed in summary. The foreign currency exchange gains (including realized and unrealized) for 2020 and 2019 are NT\$7,868 thousands and NT\$42,784 thousands respectively.

4. Interest rate analysis

The details of the consolidated company's financial assets and financial liabilities interest rate risk exposure are as follows:

	Book value	
	2020.12.31	2019.12.31
Fixed interest rate instruments :		
Financial assets	\$ 75,206	256,507
Variable interest rate instruments :		
Financial assets	\$ 854,650	600,399
Financial liabilities	(60,000)	(59,784)
	\$ 794,650	540,615

The consolidated company's financial assets and financial liabilities interest rate risk exposure are described in the liquidity risk management of this note.

The following sensitivity analysis is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating rate liabilities, the analysis method is based on the assumption that the amount of liabilities outstanding on the reporting date will be circulated throughout the year. The rate of change used by the company when reporting interest rates internally to management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases or decreases by 1% and all other variables remain unchanged, the company's net profit before tax for 2020 and 2019 increases or decreases NT\$7,947 thousands and NT\$5,406 thousands respectively. The main reason is this consolidated company's demand deposits and long-term loans with variable interest rates.

5. Other price risk

If the price of equity securities changes on the reporting date (the two-period analysis adopts the same basis and assumes that other changing factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

Stock price on reporting	2020		2019	
	Other	After-tax	Other	After-tax

<u>day</u>	<u>comprehensive profit and loss after-tax amount</u>	<u>profit and loss</u>	<u>comprehensive profit and loss after-tax amount</u>	<u>profit and loss</u>
Increase 5%	\$ 7,627	-	7,427	-
Decrease 5%	\$ (7,627)	-	(7,427)	-

6. Fair value information

(1) Types and fair value of financial instruments

The consolidated company's financial assets and liabilities measured at fair value through profit and loss, financial assets and liabilities for hedging, and financial assets measured at fair value through other comprehensive gains and losses are measured at fair value on the basis of repeatability. The book value and fair value of various types of financial assets and liabilities (including fair value level information. For the book value of financial instruments that are not measured by fair value is a reasonable approximation of fair value and lease liabilities, there is no need to disclose fair value information according to regulations) are listed as follows:

2020.12.31

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive gains and losses					
Domestic and foreign listed (counter) stocks	\$ 155,424	155,424	-	-	155,424
Domestic and foreign unlisted (counter) stocks	555,571	-	-	555,571	555,571
Total	<u>\$ 710,995</u>	<u>155,424</u>	<u>-</u>	<u>555,571</u>	<u>710,995</u>
Financial assets measured at amortized cost					
Cash and case equivalent	\$ 857,309	-	-	-	-
Notes and accounts receivable (Including related parties)	586,515	-	-	-	-
Other financial assets- current	151,156	-	-	-	-
Refundable deposits	11,713	-	-	-	-
Total	<u>\$ 1,606,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Bank load	\$ 60,000	-	-	-	-
Notes and accounts payable (Including related parties)	315,325	-	-	-	-
Other payables	111,263	-	-	-	-
Lease liabilities	71,560	-	-	-	-

(including
non-current)
Total

\$	558,148	-	-	-	-
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2019.12.31

**Financial assets
measured at fair value
through other
comprehensive gains
and losses**

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Domestic and foreign listed (counter) stocks	\$ 154,906	154,906	-	-	154,906
Domestic and foreign unlisted (counter) stocks	490,901	-	-	490,901	490,901
Total	\$ 645,807	154,906	-	490,901	645,807

**Financial assets
measured at amortized
cost**

Cash and case equivalent	\$ 783,088	-	-	-	-
Notes and accounts receivable (Including related parties)	461,466	-	-	-	-
Other financial assets- current	185,894	-	-	-	-
Refundable deposits	14,335	-	-	-	-
Total	\$ 1,444,783	-	-	-	-

**Financial liabilities
measured at
amortized cost**

Bank loan	\$ 59,784	-	-	-	-
Other payables	167,253	-	-	-	-
Notes and accounts payable (Including related parties)	286,593				
Lease liabilities (including non-current)	130,284	-	-	-	-
Total	\$ 643,914	-	-	-	-

(2) Fair value evaluation technique for measuring financial instruments by fair value

If a financial instrument has a public quotation in the active market, the public quotation in the active market shall be the fair value. The market prices announced by major exchanges and central government bond over-the-counter trading centers judged to be

popular bonds are the basis for the fair value of listed (counter) equity instruments and debt instruments with publicly quoted prices on the active market.

If public quotations of financial instruments can be obtained from exchanges, brokers, underwriters, industry associations, pricing service agencies or competent authorities in a timely and frequent manner and the prices represent actual and frequent fair market transactions, then the financial instruments have an active market public quotation. If the above conditions are not met, the market is deemed inactive. In general, large bid-ask spreads, significant increase in bid-ask spreads, or very little trading volume are indicators of inactive markets.

If the financial instruments held by the consolidated company have an active market, their fair values are listed as follows according to their categories and attributes: When financial assets and liabilities measured at fair value through profit and loss are quoted in an active market, the market price is the fair value. Except for the above-mentioned financial instruments within active markets, the fair values of other financial instruments are obtained through evaluation techniques or with reference to the quotations from counterparties. The fair value obtained through evaluation technique can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other evaluation techniques, including the use of market information available on the date of the consolidated balance sheet calculated.

If the financial instruments held by the consolidated company have an inactive market, their fair values are listed as follows according to their categories and attributes: Equity instruments without public quotation: If there is no market for reference, the evaluation method is used to estimate. The estimates and assumptions used are consistent with the information used by market participants as estimates and assumptions when pricing financial products. The information is available to the consolidated company.

The interest rate of bank borrowing is mostly close to the market interest rate, so the borrowing amount is taken as the fair value. Please refer to Note 6 (10) and 6(11) for the interest rate.

(3) Transfer between level 1 and level 2

No such transfer in 2020 and 2019.

(4) List of changes in level 3

	Measured at fair value through other comprehensive gains and losses
	Equity instruments without public quotation
January 1, 2020	\$ 490,901
Total profit or loss	
Recognized in other comprehensive income	64,670
December 31, 2020	<u><u>\$ 555,571</u></u>
January 1, 2019	\$ 338,238
Total profit or loss	
Recognized in other comprehensive income	152,663
December 31, 2019	<u><u>\$ 490,901</u></u>

The above-mentioned total profit or loss is reported in the series of "unrealized appraised profit (loss) of financial assets measured at fair value through other comprehensive gains and losses".

Among them, those related to assets still held as of December 31, 2019 and 2020 are as follows:

	<u>2020</u>	<u>2019</u>
Total profit or loss		
Recognized in other comprehensive income (Listed in "Unrealized Appraisal Profits and Losses of Financial Assets Measured at Fair Value through Other Comprehensive income")	<u>\$ 64,670</u>	<u>152,663</u>
(5) Quantitative information on the fair value measurement of significant unobservable inputs (level 3)		

The consolidated company's fair value measurement is classified as the third level mainly for financial assets measured at fair value through other comprehensive gains and losses-equity instrument investment without an active market.

Most of the company's fair value is classified as the third level with only a single significant unobservable input and only equity instrument investments without an active market have multiple significant unobservable inputs. The significant unobservable input values of equity instrument investment without an active market are independent to each other, so there is no interrelationship.

The quantitative information list of significant unobservable input values is as follows:

<u>Item</u>	<u>Evaluation technique</u>	<u>Significant unobservable input value</u>	<u>Significant unobservable input value and fair value relationship</u>
Financial assets measured at fair value through other comprehensive gains and losses-equity instrument investment without an active market	Net asset value method	• Net asset value	Not applicable

(23) Financial risk management

1. Summary

The consolidated company is exposed to the following risks due to the use of financial instruments

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note expresses the consolidated company's risk information on the above-mentioned risks, the consolidated company's objectives, policies and procedures for measuring and managing risks. For further quantitative disclosure, please refer to the respective notes of the individual financial report.

2. Risk management structure

The consolidated company's financial division provides services for each business, analyzes the internal risk report of risk insurance according to the degree and breadth of risk, supervises and manages the financial risks related to the company's operations.

The consolidated company establishes appropriate internal policies and systems to control credit risk and liquidity risk. As for market risks, we collect information from various

parties, hoping to accurately predict the future trends of exchange rates, interest rates, etc., and use financial instruments to avoid risky risks when necessary to reduce the impact of these risks. The use of financial instruments is regulated by the consolidated company's relevant policies, and internal auditors continue to review compliance with policies and risk limits. The consolidated company does not trade financial instruments for speculative purposes.

3. Credit risk

Credit risk is the risk of the consolidated company's financial loss due to the inability of its customers or financial instrument counterparties to fulfill contractual obligations. It mainly comes from the company's accounts receivable from customers and securities investments.

(1) Accounts receivable and other receivables

The consolidated company's accounts receivable covers many customers, scattered in different industries and geographic regions, and there is no significant concentration of transactions with a single customer and the sales area is scattered, so the credit risk of accounts receivable is not likely to be significantly concentrated. The company has established a credit policy. According to this policy, before standard payment and shipping conditions are given, it is necessary to analyze the credit rating of each new customer individually before the transaction begins.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the consolidated company's financial division. Since the transaction partner and the performing party are all creditworthy banks and financial institutions, corporate organizations and government agencies with investment level and above, there is no significant credit risk.

4. Liquidity risk

Liquidity risk refers to the risk that the consolidated company cannot deliver cash or other financial assets to pay off financial liabilities and fail to perform related obligations. The consolidated company manages and maintains sufficient cash and cash equivalents to support the company's operations and reduce the impact of cash flow fluctuations. The management of the consolidated company supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument prices, affect the consolidated company's earnings or the value of financial instruments held. The goal of market risk management is to control the risk of market risk within an acceptable range and minimize the risk.

(1) Exchange rate risk

The consolidated company is exposed to sales and purchase transactions that are not denominated in functional currencies, which causes the consolidated company to generate exchange rate fluctuation risks. The consolidated company's functional currency is mainly NTD. The main denomination currencies for these transactions are USD, RMB and HKD.

(2) Other market price risk

The consolidated company incurs equity price risk insurance due to equity securities and open fund investments in listed counters.

(24) Capital management

The consolidated company plans its capital management based on the characteristics of the current industry and the future development of the company, taking changes in the external environment and other factors into account, to ensure that the company has the necessary financial resources and operating plans to support the future working capital and capital expenditures, research and development expenses, debt repayment and dividend expenses,

etc. The management authority uses an appropriate total debt/equity ratio to determine the company's optimal capital structure. In order to maintain a sound capital base, the company optimizes the balance of debt and equity so to increase shareholder compensation. The consolidated company's debt-to-equity ratio at the reporting date is as follows:

	2020.12.31	2019.12.31
Total liabilities	\$ 660,500	686,575
Total equity	2,819,564	2,847,012
Debt-to-equity ratio	23%	24%

As of December 31, 2019 and 2020, the consolidated company's capital management method has not changed significantly.

7. Related party transactions

(1) Name and relationship of related parties

The related parties involved in transactions with the consolidated company during the period covered in this consolidated financial report are as follows:

Name of related parties	Relationship with the company
AB Corp.	Affiliated company of the consolidated company
DongGuan E-run electronics co.,ltd.	Subsidiary of the consolidated company

(2) Major transactions with related parties

1. Operating income

The consolidated company's major sales amounts to related parties are as follows:

	2020	2019
Affiliated company — AB Corp.	\$ 101,388	168,828
Affiliated company — DongGuan E-run	50	50
	<u>\$ 101,438</u>	<u>168,878</u>

The consolidated company's sales price to the above-mentioned related parties is based on the company's various product price lists, and the payment to the above-mentioned related parties is collected from 90 to 135 days after the month end.

2. Purchase

The consolidated company's purchase amount from related parties is as follows:

	2020	2019
Subsidiaries:		
Affiliated company — DongGuan E-run	\$ 32,579	27,805
Affiliated company — AB Corp.	288	1,065
	<u>\$ 32,867</u>	<u>28,870</u>

The consolidated company's purchase terms and conditions from the above-mentioned related parties are from 85 days to 115 days of monthly settlement, and the price is no different from other manufacturers.

3. Amounts due from related parties

The details of the company's accounts receivable from related parties are as follows:

Account item	Type of related parties	2020.12.31	2019.12.31
Accounts receivable-related party	Affiliated company — AB Corp	\$ 40,033	50,033
Accounts receivable-related party	Affiliated company — DonGuan E-run	38	38
		<u>\$ 40,071</u>	<u>50,071</u>

4. Amounts due to related parties

The details of the company's accounts payable to related parties are as follows:

Account item	Type of related parties	2020.12.31	2019.12.31
Accounts payable- related party	Affiliated company — AB Corp	\$ 26	17
Accounts payable- related party	Affiliated company — DonGuan E-run	16,689	11,042
		\$ 16,715	11,059

(3) Key management personnel transactions

Remuneration of key management personnel

	2020	2019
Short-term employee benefits	\$ 9,921	9,867
Post-employment benefits	91	69
	\$ 10,012	9,936

8. Pledged assets

Asset name	Subject to pledge	2020.12.31	2019.12.31
Other financial assets-current(pledged fixed deposit)	Contract bond and warranty deposit	\$ 63,493	62,013
Real estate	Short-term/ long-term loan	73,527	76,122
		\$ 137,020	138,135

9. Significant contingent liabilities and unrecognized contractual commitments: N/A

10. Loss from major disaster: N/A

11. Significant post-period matters: N/A

12. Other

(1) The functions of employee benefits, depreciation and amortization expenses are summarized as follows:

Function Category	2020			2019		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit						
Salary expense	172, 952	113, 454	286, 406	227, 126	127, 666	354, 792
Labor and health insurance expense	4, 356	6, 742	11, 098	7, 246	7, 515	14, 761
Pension expense	3, 793	3, 612	7, 405	17, 548	5, 513	23, 061
Directors' remuneration	—	3, 499	3, 499	—	4, 642	4, 642
Other employee benefits	4, 150	3, 977	8, 127	1, 435	3, 692	5, 127
Depreciation expense	49, 394	59, 098	108, 492	70, 306	49, 310	119, 616
Amortization fee	—	344	344	—	924	924

(2) The coronavirus pneumonia epidemic had a minor impact on the production and sales of the consolidated company and its subsidiaries. All production systems have fully resumed to work and production lines have returned to normal. The consolidated company will continue to pay attention to the development of the incident and related impacts.

13. Disclosure of Matters in Notes

(1) Information with regard to major transactions

In 2020, in accordance with the requirements of the securities issuer's financial report preparation standards, the relevant information about major transactions that should be disclosed again by the company is as follows:

1. Loans to others

Unit: NTD thousand

#	Companies that lend loans	Prospective borrowers	Accounting subjects	The highest amount of the current period	Ending balance	Actual lending amount	Interest rate range	Loan by nature (note 1)	Transaction amount with regard to business	Reasons for short-term financing	Allowance for loss amount	Collateral		Limited amount of loans for each entity (Note 2)	Limited amount of total loans (Note 3)
												Name	Value		
1	Bright LED electronics	KoBrite Taiwan	Other receivables	80,000	80,000	78,500	2%	2	-	Operating turnover	-	N	-	269,920	1,079,700
2	DongGuan BRTLED	Henan Bright Crystal	Other receivables	37,905 (RMB \$8,660)	37,905 (RMB \$8,660)	37,905 (RMB \$8,660)	2%	2	-	Operating turnover	-	N	-	210,145	840,580
3	DongGuan BRTLED	DongGuan KoBrite	Other receivables	26,262 (RMB \$6,000)	26,262 (RMB \$6,000)	26,262 (RMB \$6,000)	2%	2	-	Operating turnover	-	N	-	210,145	840,580

Note 1: 1. means have business contacts. 2. means has the need for short-term financing.

Note 2: The limit for total amount of lending loans does not exceed 10% of the net worth of the enterprise. Foreign companies in which the company directly or indirectly hold 100% of the voting shares are not subject to the 10% limit on loans to the company's net worth, but the respective limits for capital loans should still not exceed 100% of the company's net worth.

Note 3: The limit for total amount of capital loans shall not exceed 40% of the net worth of the enterprise. Foreign companies in which the company directly or indirectly hold 100% of the voting shares are not subject to the 40% limit on total amount of loans to the company's net worth, but the respective limits for capital loans should still not exceed 100% of the company's net worth.

Note 4: It is converted to NTD at the RMB exchange rate of 4.377 at the end of the period

2. Endorsement for others: N/A

3. The situation of holding marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Unit: thousand shares

Holding Company	Types and names of securities	Relationship with the securities issuer	Accounting items	End of term				Note
				Unit/share	Book value	Holding ratio	Fair value	
The company	Powertip	Corporate director	Financial assets measured at fair value through other comprehensive gains and losses-non-current	19,020	152,542	12%	Price per stock market = 8.02	
"	DS	N/A	"	764	-	3%	Price per stock market = -	
"	MFA Financial Inc (MFO)	"	"	2.8	2,028	-%	Price per stock market = (US25.43)	
"	Seaspan Corp (SSWA)	"	"	1.2	854	-%	Price per stock market = (US25.00)	

The company	WK 9	Corporate director	Financial assets measured at fair value through other comprehensive gains and losses-non-current	15,380	342,008	15%	342,008
"	Foxfortune Technology Ventures Ltd.	"	"	2,000	117,711	12%	117,711
"	New fund capital	"	"	10,000	95,852	16%	95,852
					<u>710,995</u>		

4. The cumulative amount of buying or selling the same securities reaches NTD\$300 million or more than 20% of the paid-in capital: N/A
5. Acquired real estate with an amount of NTD\$300 million or more than 20% of the paid-in capital: N/A
6. Disposal of real estate with an amount of NTD\$300 million or more than 20% of the paid-in capital: N/A
7. The amount of purchases and sales with related parties reaches NTD\$100 million or more than 20% of the paid-in capital:

Import (sell) company	Trading partner Name	Relations	Transaction				Circumstances and reasons for trading condition which are different from regular trading		Notes and accounts receivable (paid)		Note
			Import (sell)	Amount	% of total import (sales)	Credit period	Price	Credit period	Balance	% of total notes and accounts receivable (paid)	
The company	AB Corp.	Affiliated company	(Sell)	(101,388)	(11) %	OA 135 days	Price agreement according to the company	No significant differences	40,031	12%	Note
The company	WanHui (HK)	Subsidiary	Import	615,560	89 %	Adjust according to its funding needs	Price agreement according to the company	No significant differences	(1,617,627)	(99)%	Note
WanHui (HK)	The company	100% owned parent company	(Sell)	(615,560)	(76) %	Adjust according to its funding needs	Price agreement according to the company	No significant differences	1,617,627	99%	Note
WanHui (HK)	DongGuan BRTLED	Subsidiary	Import	623,387	77 %	Adjust according to its funding needs	Price agreement according to the company	No significant differences	(849,176)	(92)%	Note
DongGuan BRTLED	WanHui (HK)	100% owned parent company	(Sell)	(623,387)	(62) %	Adjust according to its funding needs	Price agreement according to the company	No significant differences	849,176	84%	Note

Note: The transactions listed on the left column have been written off during the preparation of the consolidated statement.

8. Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital:

Company with account receivables	Trading partner Name	Relations	Balance of accounts receivable from related parties	Turnover	Overdue amounts from related parties		Amounts receivable from related parties recovered after the period	allowance for loss amount	Note
					Amount	Processing			
WanHui (HK)	The company	100% owned parent company	1,617,627	0.37	Note 1	Note 1	95,761	-	Note 2

DongGuan BRTLED	WanHui (HK)	"	849,176	0.72	Note 1	Note 1	80,561	-	Note 2
KoBrite	WanHui (HK)	"	165,702	0.14	Note 1	Note 1	13,809	-	Note 2

Note 1: The difference between receivables and payables shall be collected based on fund requirements.

Note 2: The transactions listed on the left column have been written off during the preparation of the consolidated statement.

9. Engage in derivatives trading: N/A

10. Business relations and important transactions between parent and subsidiary companies:

# (Note 1)	Name of traders	Transaction objects	Relation with traders (Note 2)	Transaction situation			
				Subject	Amount	Condition	% of combined total revenue or total assets
1	WanHui (HK)	The company	2	Sales revenue	615,560	Adjusted according to funding needs	44.75%
1	"	"	2	Accounts receivable	1,617,627	"	46.48%
2	DongGuan BRTLED	WanHui (HK)	2	Sales revenue	623,387	"	45.31%
2	"	"	2	Accounts receivable	849,176	"	24.40%
3	KoBrite	DongGuan KoBrite	3	Sales revenue	23,952	"	1.74%
3	"	DongGuan KoBrite	3	Accounts receivable	165,702	"	4.76%
4	The company	KoBrite Taiwan	1	Other receivables	78,500	-	2.26%
5	DongGuan BRTLED	Henan Bright Crystal	3	Other receivables	37,905	-	1.09%
6	DongGuan BRTLED	DongGuan KoBrite	3	Other receivables	26,262	-	0.75%
7	The company	WanHui (HK)	1	Sales revenue	31,504	TT 135 days	2.29%

Note 1. The way to fill in the serial number is as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company type.

Note 2: The type of relationship with the trader is marked as follows:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

(2) Re-investment business related information

The consolidated company's reinvestment business information for 2020 is as follows

(excluding investee companies in China):

Investor	Investee		Main business	Original investment amount		Hold at the end of period			Investee	Recognized in this period	
Name	Name	Region	Items	Original investment amount		Shares (thousand)	Ratio	Book value	Current income	Investment (Profit) Loss	Note
				End of period	End of last year						
The company	WanHui (HK)	HK	Processing business of LED indicators, displays and related components	524,673	524,673	11,460	100%	2,163,691	(32,013)	(32,013)	Subsidiary (Note)
"	KoBrite Corp.	Mauritius	Investment holding	1,082,499	1,082,499	8,783,545	93%	246,408	(30,512)	(28,267)	"

"	LiSheng Int'l	HK	PCB processing	139,297	139,297	35,740	60%	72,179	24,356	14,509	"
"	AB Corp.	US	Dealer	1,702	4,943	52	16%	7,369	(976)	(989)	adopting the equity method
"	WanShui	HK	Investment holding	61,910	61,910	3	23%	30,379	6,883	1,586	"
"	Powertip image	TW	Optical lens, lens design and production	64,966	64,966	5,820	19%	82,240	111,661	21,261	"
KoBrite	KoBrite Taiwan	TW	Investment holding	500,000	500,000	50,000	100%	85,530	(16,870)	recognized by KoBrite for investment gains and losses	Subsidiary (Note)
KoBrite	Bright Crystal (HK)	HK	Investment holding	404,342	404,342	100,994	80%	206,073	(13,007)	recognized by KoBrite for investment gains and losses	Subsidiary (Note)

Note: The transactions listed on the left have been written off during the preparation of the consolidated financial report.

(3) Information with regard to investment in China

1. Relevant information about reinvestment in China:

Name of invested company in China	Main business Items	Paid-in capital	Investment method	Cumulative remittances from Taiwan at the beginning of the period Amount (Note 1)	Exported or recovered in this period Investment amount		Cumulative remittances from Taiwan at the end of the period Amount (Note 1)	Current profit (loss) of the investee company	Direct or indirect investment Holding ratio	Recognized investment profit (loss) in this period (Note 3)	End of period investment Book value	Investment repatriated as of the current period Income (Note 1)
					Export (Note 1)	Amount (Note 1)						
DongGuan BRTLED	Manufacture and sell of LED component and its related products	HKD340,222	Indirect investment through WanHui (HK) (Note 4)	-	-	-	-	(23,002)	100%	(23,002)	2,101,449	-
DongGuan KoBrite	Production and processing of LED chips	US\$14,590	Indirect investment through KoBrite Corp.	149,121 (US\$4,974)	-	-	149,121 (US\$4,974)	(3,032)	93%	(2,809)	(148,016)	-
DongGuan Yi-Run	production and sale of other steel products	RMB\$41,001	Indirect investment through WanHui (HK)	58,813 (HKD\$15,280)	-	-	58,813 (HKD\$15,280)	6,883	23%	1,586	6,998	8,958 (HKD\$2,439)
DongGuan LiSheng PCB	PCB processing	HKD\$10,000	Indirect investment through LiSheng Int'l (Note 4)	3,279 (HKD\$852)	-	-	3,279 (HKD\$852)	23,943	60%	14,263	40,593	-
Henan Bright Crystal	Production and sales of high-quality crystals and LED lighting products, as well as import and export business	US\$16,200	Indirect investment through Bright Crystal (HK) (Note 4)	403,981 (US\$13,475)	-	-	403,981 (US\$13,475)	(12,995)	74%	(9,622)	190,974	-

2. Limits for reinvestment in China:

Cumulative investment amount remitted from Taiwan to China at the end of the period	Approved investment amount by the Overseas Chinese and Foreign Investment Commission (Note 1)	According to the regulations of the Overseas Chinese and Foreign Investment Commission Investment quota in China
615,194 (US18,449 及 HKD16,132)	2,004,118 (US19,002 及 HKD398,296)	Note 2

Note 1: It is converted into NTD at the end of the period using the USD exchange rate of 28.48, HKD exchange rate of 3.673 and RMB 4.377.

Note 2: The company has been approved by Bureau of Industry of the Ministry of Economic Affairs to comply with the operating headquarters certification letter, so there is no limit on the amount of investment in China.

Note 3: The investment gains and losses of the current period are calculated based on the financial statements of the investee company verified by accountants.

Note 4: Existing reinvestment companies in the third region use their own funds and machinery and equipment for investment.

Note 5: Except for Dongguan Yi-Run Electronics Co., Ltd., the remaining transactions have been written off during the preparation of the consolidated financial report

3. Major shareholders information :

For direct or indirect major transactions (has been written off when preparing the consolidated report) of the consolidated company's investee companies in China in 2020, please refer to the description of "Information on Major Transactions"

(4) Major shareholder information

Unit: shares

Shares	Number of shares held	Holding ratio
Name of major shareholders		
Yi-Run investment company	31, 859, 212	17. 53%
WanHui investment company	27, 378, 397	15. 07%
Tseng-Jen Liaw	21, 028, 417	11. 57%

Note: (1) The information of major shareholders in this table is based on the last business day at the end of each quarter by the company. The total number of common shares and special shares, which sum up to 5% or more, of the company that have been delivered without physical registration (including treasury shares) is calculated by the company. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2) If above information belongs to the shareholder's delivery of shares to the trust, it is disclosed in individual accounts by the trustor who opened the trust account for the trustee. As for the shareholders' declaration of insider's shareholding in accordance with the Securities and Exchange Act, their shareholding includes their own shareholding plus the shares delivered to the trust and the right to use the trust property. For information on insider's shareholding declaration, please refer to Market observation post system.

(3) As of December 31, 2020, the company has bought back total of 10,000 thousands of treasury shares, which is approximately 5.50% of the company's common stock for which the company has completed payment without physical registration (including treasury stocks). Detailed information please refers to 6(16).

14. Department information

(1) General information:

The consolidated company has four departments required to be reported: Department A, Department B, Department C, and other departments. Department A is the sales business of light-emitting diode components and related products, Department B is engaged in the manufacturing and sales of light-emitting diode components and related products, Department C is engaged in the manufacturing and sales of dies, and other departments are engaged in manufacturing and sales of PCB, etc.

- (2) Departmental profit and loss, assets, liabilities and their measurement basis and adjustment information required to be reported:

The consolidated company uses the departmental pre-tax profit and loss in the internal management report which reviewed by the chief operating decision maker (excluding non-recurring gains and losses and exchange gains and losses) as the basis for the management of resource allocation and performance evaluation. Since income tax, non-recurring gains and losses, and conversion gains and losses are managed on a group basis, the consolidated company does not amortize income tax expenses (benefits), non-recurring gains and losses, and conversion gains and losses to the reporting department. In addition, not all profit and loss of reportable departments include significant non-cash items other than depreciation and amortization. The reported amount is consistent with the report used by the operating decision maker.

The accounting policies of the operating department are the same as the "Summary Description of Important Accounting Policies" described in Note 4.

The consolidated company regards sales and transfers between departments as transactions with a third person and measured at the current market price.

Information and adjustments of the operating department of the consolidated company are as follows:

	2020					
	Dept A	Dept B	Dept C	Other dept.	Adjust/ eliminate	Total
Revenue						
Revenue from external customers	\$ 885,128	387,122	102,091	1,346	-	1,375,687
Revenue from depts.	-	624,178	130,440	85,914	(840,532)	-
Total revenues	\$ 885,128	1,011,300	232,531	87,260	(840,532)	1,375,687
Dept.profit (loss)	\$ 175,404	(30,650)	(33,124)	24,688	45,771	182,089
Total asset of dept.	\$ 4,478,681	2,541,669	651,841	153,800	(4,345,927)	3,480,064
Total liability of dept.	\$ 1,779,425	377,978	334,113	32,633	(1,863,649)	660,500

- (3) Information on types of products and services:

The reportable departments of the consolidated company information has been based on different products and services, and there is no need to disclose product and labor service information.

- (4) Information on region:

The information about the location of the consolidated company is as follows: Revenue is classified based on the geographic location of the customer and non-current assets are classified based on the geographic location of the asset.

1. Revenues from external customers:

<u>Region</u>	<u>2020</u>	<u>2019</u>
China	\$ 658,050	865,716
Taiwan	270,465	414,837
Korea	120,875	179,539
United states	207,763	209,877
Other	118,534	93,690
	\$ 1,375,687	1,763,659

2. Non-current assets

<u>Region</u>	<u>2020</u>	<u>2019</u>
Taiwan	\$ 184,374	183,166
China	556,398	669,381
Total	<u>\$ 740,772</u>	<u>852,547</u>

Non-current assets include investments using the equity method, property, plant and equipment, right-of-use assets, deposits and other non-current assets. However, it does not include non-current assets that include financial instruments and deferred income tax assets.

(5) Information of important customers:

In both 2020 and 2019, the consolidated company has no non-affiliated customers who account for more than 10% of its consolidated operating income.

