Stock Code: 3533

Lotes Co., Ltd. And Its Subsidiaries

Consolidated Financial Statement and Independent Auditor's Report

2020 & 2019

Notice to Readers
For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

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Declaration of Consolidated Financial Statements

The information of the companies that should be included when preparing the consolidated financial statements for the affiliated enterprises according to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the companies that should be included when preparing the consolidated financial statements for the parent and subsidiary companies according to International Financial Reporting Standards No. 10 for the year ended December 31, 2020 (from Jan. 1, 2020 to Dec. 31, 2020) for our company are the same. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Lotes Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Name of Company: Lotes Co., Ltd.

Chairman: Zhu De-xiang

Date: March 24, 2021

Independent Auditor's Report

To the Board of Directors, Lotes Co., Ltd.:

Audit opinion

We have audited the Statement of Financial Position of Lotes Co., Ltd. (hereinafter referred to as Lotes) as of December 31, 2020 and 2019, the Statement of Comprehensive Income as of January 1 to December 31, 2020 and 2019 as well as the Statement of Changes in Equity, Statement of Cash Flows and the Notes to Consolidated financial statement (including important accounting policies summary).

In our opinions, the compilation of the above consolidated financial statements present fairly, in all material respects, of the financial status of December 31, 2020 and 2019 in Lotes and the financial performance and consolidated cash flow of January 1 to December 31, 2020 and 2019 prepared according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of the audit opinions

The audit of the consolidated financial statements for fiscal year 2020 was conducted by us in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS); The audit of the consolidated financial statements for fiscal year 2019 was conducted by us in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants, CHIN-KUAN-CHENG-SHEN-TZU No. 1090360805 Letter and Generally Accepted Auditing Standards (GAAS). Our responsibilities under these standards will be further explained in the responsibility paragraph of the accountant's audit on the consolidated financial statements. The personnel regulated by independence at the accounting firm that our accountants work with have been managed according to the code of professional ethics to maintain independence from Lotes as well as perform other responsibilities addressed on the regulation. Based on the audit results of us, we believe we have obtained sufficient and appropriate auditing evidence as the basis to express our audit opinions.

Key audit matters

Key audit matters refer to the most important matters on the audits to Lotes's consolidated financial statements of fiscal year 2020 based on the professional judgment of our accountants. The matters have been responded on the whole audited consolidated financial statements and during the process of the expression of the audit opinions. There, our accountants will not express opinions separately towards the matters. Based on the judgment of the accountants, the following key audit matters that should be communicated on the audit report are as follows:

I. Recognition of income

Please refer to Note IV (XV) to the consolidated financial statements for the accounting policy in terms of income recognition. Please refer to Note VI (XV) to the consolidated financial statements for the refund liability. Please refer to Note VI (XXIII) to the consolidated financial statements for details about income.

Description of the key audit matters:

The operating income is the most critical factor when determining the operational performance of Lotes Co., Ltd. Users of the statements are cautiously concerned about the performance of the operating income. In response to the market conditions and business needs, discounts were provided for parts of the sales of goods agreed with the customers. Based on the agreements with the customers, the management would estimate the refund liability and include it as a deduction of operating income. Thus, the income recognition evaluation is one of the fundamental evaluation items for accountants in the execution of financial report audit for Lotes Co., Ltd.

Corresponding audit procedure:

The primary audit procedure conducted by the accountants for the aforementioned key audit matters included the understanding and evaluation of the relevant control procedures and methods in the estimation of refund liabilities in terms of the sales procedure and the effectiveness of the design and execution of the control procedure. Regarding the sampling testing for sales close to the balance sheet date, external certification documents were reviewed to assess the adequacy of the income recognition timings. The management's method to estimate and list refund liabilities were also obtained to assess whether the evaluation is based on the agreed conditions with customers. The adequacy of the refund liability estimate was analyzed with the actual situation afterward.

II. Evaluation of inventory

Please refer to Note IV (VIII) for the accounting policy of inventory evaluation. Please refer to Note V (I) in the consolidated financial statements for the accounting estimates and assumed uncertainties of the inventory evaluation. Please refer to Note VI (IV) in the consolidated financial statements for the information on the losses from the falling price of inventory.

Description of the key audit matters:

Due to the impacts of rapid changes in the market demand and the development of production technology, the existing products are at risk to become outdated inventory or non-compliant with market demand. Parts of the inventory may become obsolete or have the market prices dropped. Thus, the inventory evaluation is one of the fundamental evaluation items for the accountants in the execution of financial report audit for Lotes Co., Ltd.

Corresponding audit procedure:

The primary audit procedure conducted by the accountants for the aforementioned key audit matters included the understanding and evaluation of the basis and methods used by the management to assess the net realizable value of inventory. Review and audit were conducted in terms of the data used by the management as the basis and to estimate the net realizable value, and an evaluation was conducted on the estimated sales price to the latest sales record by sampling. To evaluate the adequacy of the drop in prices, the adequacy of the inventory aging report was checked, and the changes in the inventory aging of each period were analyzed.

Other matters

Lotes Co., Ltd. has prepared the parent company only financial statements of 2020 and 2019, and we have provided the audit reports with unqualified opinions which were registered for regerence.

Responsibility from management level and governing unit towards the consolidated financial statements

Management level's responsibility is to prepare the consolidated financial statements present fairly according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

When preparing the consolidated financial statements, the responsibility of management level also includes evaluating Lotes's capability of continuous operation, disclosure of relevant matters and the application of continuous operation accounting model unless the management level intends to liquidate Lotes or suspend its business operation or there is no alternative practical and feasible solution other than liquidation or business suspension.

The governing unit (including supervisors) at Lotes is responsible for supervising the process of financial reports.

Responsibility of accountants' audit on the consolidated financial statements

The purpose of the consolidated financial statements audited by our accountants is to obtain reasonable assurance on whether the significant untrue expression exists on the whole consolidated financial statements due to fraud or error as well as issue the audit report. The reasonable assurance is the high certainty; however, it will not be able to guarantee that the significant untrue expression will definitely be able to be detected by generally accepted auditing standards, and the untrue expression might be caused from fraud or error. It is regarded as with significance if the individual amount or the aggregation number of the untrue expression can reasonably predict that it will affect the economic decisions made by the users of the consolidated financial statements.

When we conduct the audit according to generally accepted auditing standards, we use professional judgment and maintain our professional suspicion. We also executed the following tasks:

1. Identifying and evaluating the risk of major untrue expression on the consolidated financial statements due to fraud or error; designing and implementing proper responding strategies towards the risk evaluated; and obtaining sufficient and appropriate audit evidence as the basis of audit opinions. Due to fraud might be involving with collusion, counterfeiting, malicious omission untrue declaration, or going out of the internal control, the risk of not detecting the major untrue expression due to fraud will be higher than that due to error.
2. Obtaining necessary understanding of internal control related to audit in order to design proper audit procedure under the situation of the case. However, its purpose is not to express opinion toward the effectiveness of the internal control in Lotes.

3. Evaluating the adequacy of the accounting policies used by the management level and the rationality of the accounting evaluation and relevant disclosure concluded.
4. Based on the audit evidence obtained, conclusion towards the appropriateness of continuous operation accounting basis that the management level adopts and the existence of major uncertainty on events or situations with major concerns affecting Lotes's capability in continuous operation are made. If we believe major uncertainty existed on the event or situation, we must remind the users of consolidated financial statements on the audit report to pay attention on the relevant disclosure or modify audit opinion when the disclosure is not appropriate. The conclusion that we made is based on the audit evidence obtained up to the audit report day, but future events or situations might cause Lotes not capable in continuous operation.
5. Evaluating the overall expression, structure and content of the consolidated financial statements (including relevant notes) as well as whether the consolidated financial statements present fairly, in all material respects, relevant transaction and events.
6. Obtaining sufficient and appropriated audit evidence of the financial information from the investee companies accounted for using equity method as well as express opinions towards the consolidated financial statements. We are in charge of the directing, supervision and execution on the audit cases as well as concluding audit opinions towards the consolidated financial statements of Lotes.

The communication between us and the governing unit includes the audit scope and time planned and major audit findings (including the significant defects on the internal control identified during the auditing process).

We have also provided information to the governing unit that the personnel of the firm—under which our CPAs are working—who are subject to independence requirements have complied with the statement of independence in the CPA code of professional ethics and communicated to the governing unit all relationships and other matters (including relevant safeguards) that may be considered to affect the independence of CPAs.

We determined the key audit matters that we would like to execute on Lotes's consolidated financial statements for fiscal year 2020 from the communication with the governing unit. We clearly stated the related matters on the audit report unless it is the specific matter that is not allowed to be disclosed to the public according to laws, or under a very rare situation that we decided not to communicate specific matters on the audit report because we can reasonably anticipate the negative influence generated by the communication will be greater than the public interests increased.

KPMG Taiwan

CPA:

Competent Authority of Securities Approval Certificate No.	:	CHIN-KUAN-CHENG-SHEN-TZU No. 1000011652 (88) TAI-TSAI-CHENG (VI) No. 18311

March 24, 2021

Lotes Co., Ltd. and Its Subsidiaries

Consolidated Statement of Financial Position

Dec. 31, 2020 and 2019

Code	Assets	Dec. 31, 2020 Amount	%	Dec. 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6 (1) and (26))	$ 2,949,412	15	2,845,994	17
1110	Financial assets measured at FVTPL – current (Note 6 (2) and (26))	122,960	1	240,034	1
1120	Financial assets measured at FVTOCI – current (Note 6 (2) and (26))	2,016	-	6,438	-
1150	Net notes receivable (Note 6 (3) and (26))	54,105	-	15,257	-
1170	Net accounts receivable (Note 6 (3) and (26))	6,840,879	35	5,949,268	37
1200	Other accounts receivable (Note 6 (3) and (22))	357,029	2	219,031	1
1220	Tax assets (Note 6 (19))	12,937	-	758	-
130X	Net inventory (Note 6 (4))	2,559,028	13	1,976,021	12
1410	Advance payment	62,208	1	137,348	1
1476	Other financial assets – current (Note 6 (11) and (26))	87,320	1	-	-
1479	Other current assets – other	6,665	-	10,563	-
		13,054,559	68	11,400,712	69
	Non-current assets:				
1517	Financial assets measured at FVTOCI – non-current (Note 6 (2) and (26))	20,120	-	-	-
1600	Property, plant and equipment (Note 6 (7) and 8)	4,495,974	23	3,514,714	22
1755	Right-of-use assets (Note 6 (8))	399,749	2	383,426	2
1760	Net worth of investment property (Note 6 (9))	368,019	2	283,002	2
1780	Intangible assets (Note 6 (10))	155,510	1	99,789	1
1840	Deferred tax assets (Note 6 (19))	127,144	1	123,925	1
1980	Other financial assets – non-current (Note 6 (11) and (26))	-	-	85,923	1
1900	Other non-current assets	661,820	3	388,701	2
		6,228,336	32	4,879,480	31
	Total of assets	**$ 19,282,895**	**100**	**16,280,192**	**100**

Code	Liabilities and equity	Dec. 31, 2020 Amount	%	Dec. 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6 (12), (26), (29), 8 and 9)	$ -	-	29,980	-
2130	Contract liabilities - current (Note 6 (23))	91,659	1	19,947	-
2150	Notes payable (Note 6 (26))	3,574	-	19,000	-
2170	Accounts payable (Note 6 (26))	2,501,155	13	1,885,062	12
2200	Other payables (Note 6 (26))	1,206,695	6	964,415	6
2230	Tax liabilities - current (Note 6 (19))	505,527	3	436,898	3
2280	Lease liabilities - current (Note 6 (14), (26) and (29))	71,971	-	94,851	1
2365	Refund liabilities - current (Note 6 (15))	161,767	1	157,256	1
2300	Other current liabilities	33,197	-	23,337	-
2322	Long-term loans of which the maturity was within 1 year or 1 operating cycle (Note 6 (13), (26), (29) and Note 8)	5,335	-	-	-
		4,580,880	24	3,630,746	23
	Non-current liabilities:				
2540	Long-term loans (Note 6 (13), (26), (29) and Note 8)	18,661	-	-	-
2550	Provisions - non-current (Note 6 (16))	49,258	-	41,729	-
2560	Tax liabilities – non-current (Note 6 (19))	21,037	-	-	-
2570	Deferred tax liabilities (Note 6 (19))	27,054	-	-	-
2580	Lease liabilities – non-current (Note 6 (14) and (26) and (29))	104,279	1	60,560	-
2600	Other non-current liabilities	2,167	-	1,932	-
		222,456	1	104,221	-
	Total of liabilities	4,803,336	25	3,734,967	23
	Equity to the owner of parent company:				
3110	Share capital for ordinary shares (Note 6 (20))	1,034,779	5	1,034,779	6
3200	Capital reserves (Note 6 (20))	3,958,247	21	3,959,560	24
3300	Retained earnings (Note 6 (20))	9,101,144	47	7,471,519	46
3400	Other equity (Note 6 (20))	(594,972)	(3)	(650,532)	(4)
	Total of equity attributable to the owners of parent company	13,499,198	70	11,815,326	72
36XX	Non-controlling interests (Note 6 (6))	980,361	5	729,899	5
	Total of equity	14,479,559	75	12,545,225	77
	Total of liabilities and equity	**$ 19,282,895**	**100**	**16,280,192**	**100**

(Please read the Notes to the Consolidated Financial Statements.)

Chairperson: CHU, TE-HSIANG **Manager: HO, TE-YU** **Accounting manager: LIU, HSIN-HSIA**

Lotes Co., Ltd. and Its Subsidiaries

Consolidated Statement of Comprehensive Income

From Jan. 1 to Dec. 31, 2020 and from Jan. 1 to Dec. 31, 2019

Unit: NT$ thousands

		2020		2019	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6 (15) and (23))**	$ 17,291,332	100	15,088,872	100
5000	**Operating cost (Note 6 (4), (10) and Note 12)**	10,361,137	60	9,620,962	64
	Gross operating profit	6,930,195	40	5,467,910	36
	Operating expenses (Note 6 (10), (14), (17), (26), Note 7 and Note 12):				
6100	Promotion Expenses	642,420	4	562,701	4
6200	Administration Expenses	1,117,631	6	1,049,810	7
6300	R&D expenses	1,459,647	8	1,104,315	7
6450	Expected credit impairment loss	2,845	-	460	-
	Total operating expense	3,222,543	18	2,717,286	18
	Net operating profit	3,707,652	22	2,750,624	18
	Non-operating income/expenses (Note 6 (5) and (24)):				
7100	Interest income	28,789	-	32,820	-
7140	Gain on bargain purchases	13,055	-	-	-
7010	Other income	214,267	1	179,220	2
7020	Other gains and/or losses	(276,469)	(2)	(105,785)	(1)
7050	Financial costs	(18,609)	-	(22,711)	-
7055	Profit (loss) from expected credit loss	1,317	-	(2,407)	-
	Total of non-operating income and expenses	(37,650)	(1)	81,137	1
	Net profit before tax from continuing operations	3,670,002	21	2,831,761	19
7950	**Less: Income tax expenses (Note 6 (19))**	834,413	5	687,293	5
	Net profit	2,835,589	16	2,144,468	14
8300	**Other comprehensive gain/loss:**				
8310	**Items which were not reclassified into profit or loss**				
8311	Remeasurements of defined benefit plans	(7,598)	-	(1,148)	-
8316	Unrealized gain or loss on the investment in equity instruments measured at FVTOCI	372	-	(16,103)	-
8349	Less: income tax related to the items which were not reclassified	1,520	-	230	-
	Total of items which were not reclassified into profit or loss	(5,706)	-	(17,021)	-
8360	**Potential items which might be reclassified into profit or loss**				
8361	Exchange difference between foreign operating office's statement	50,352	-	(320,897)	(2)
8399	Less: income tax related to items which might be reclassified	1,733	-	-	-
	Total of items which might be reclassified into profit or loss	48,619	-	(320,897)	(2)
8300	**Other comprehensive income (net value after tax)**	42,913	-	(337,918)	(2)
	Total comprehensive income	$ 2,878,502	16	1,806,550	12
	The net profit attributable to:				
8610	Owners of the parent company	$ 2,732,361	15	2,076,043	13
8620	Non-controlling interests	103,228	1	68,425	1
		$ 2,835,589	16	2,144,468	14
	Total comprehensive income attributable to:				
8710	Owners of the parent company	$ 2,771,703	16	1,741,613	12
8720	Non-controlling interests	106,799	-	64,937	-
		$ 2,878,502	16	1,806,550	12
	Basic earnings per shares (Unit: NT$) (Note 6 (22))	$	26.41		20.11
	Diluted earnings per shares (Unit: NT$) (Note 6 (22))	$	26.34		20.06

(Please read the Notes to the Consolidated Financial Statements.)

Chairperson: CHU, TE-HSIANG Manager: HO, TE-YU Accounting manager: LIU, HSIN-HSIA

Lotes Co., Ltd. and Its Subsidiaries

Consolidated Statement of Change in Equity

>From Jan. 1 to Dec. 31, 2020 and from Jan. 1 to Dec. 31, 2019

Unit: NT$ thousands

	Equity attributable to the owners of the parent company										
	Share capital			Retained earnings			Other equity items				
	Share capital for ordinary shares	Share capital collected in advance	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference between foreign operating office's statement	Unrealized gain or loss on financial assets measured at FVTOCI	**Total equity attributable to the owners of the parent company**	**Non-controlling interests**	Total equity
Balance on Jan. 1, 2019	$ 934,779	125,638	2,466,109	931,082	255,202	5,110,368	(314,561)	(2,459)	9,506,158	365,324	9,871,482
Net profit	-	-	-	-	-	2,076,043	-	-	2,076,043	68,425	2,144,468
Other comprehensive income	-	-	-	-	-	(918)	(317,409)	(16,103)	(334,430)	(3,488)	(337,918)
Total of comprehensive income	-	-	-	-	-	2,075,125	(317,409)	(16,103)	1,741,613	64,937	1,806,550
Appropriation and distribution of earnings:											
Legal reserve set aside	-	-	-	160,857	-	(160,857)	-	-	-	-	-
Special reserve set aside	-	-	-	-	61,818	(61,818)	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	-	(900,258)	-	-	(900,258)	-	(900,258)
Other changes in capital reserve:											
Changes in subsidiaries, associates and joint ventures accounted for using equity method	-	-	193,451	-	-	-	-	-	193,451	-	193,451
Cash capital increase	100,000	(125,638)	1,300,000	-	-	-	-	-	1,274,362	-	1,274,362
Increase or decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	310,257	310,257
Cash dividends issued by subsidiaries for non-controlling interests	-	-	-	-	-	-	-	-	-	(10,619)	(10,619)
Balance on Dec. 31, 2019	1,034,779	-	3,959,560	1,091,939	317,020	6,062,560	(631,970)	(18,562)	11,815,326	729,899	12,545,225
Net profit	-	-	-	-	-	2,732,361	-	-	2,732,361	103,228	2,835,589
Other comprehensive income	-	-	-	-	-	(6,078)	45,017	403	39,342	3,571	42,913
Total of comprehensive income	-	-	-	-	-	2,726,283	45,017	403	2,771,703	106,799	2,878,502
Appropriation and distribution of earnings:											
Legal reserve set aside	-	-	-	207,604	-	(207,604)	-	-	-	-	-
Special reserve set aside	-	-	-	-	333,513	(333,513)	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	-	(1,086,518)	-	-	(1,086,518)	-	(1,086,518)
Other changes in capital reserve:											
Changes in subsidiaries, associates and joint ventures accounted for using equity method	-	-	(1,313)	-	-	-	-	-	(1,313)	-	(1,313)
Increase or decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	192,780	192,780
Disposal of the equity instruments measured at FVTOCI	-	-	-	-	-	(10,140)	-	10,140	-	-	-
Cash dividends issued by subsidiaries for non-controlling interests	-	-	-	-	-	-	-	-	-	(49,117)	(49,117)
Balance on Dec. 31, 2020	**$ 1,034,779**	**-**	**3,958,247**	**1,299,543**	**650,533**	**7,151,068**	**(586,953)**	**(8,019)**	**13,499,198**	**980,361**	**14,479,559**

(Please read the Notes to the Consolidated Financial Statements.)

Chairperson: CHU, TE-HSIANG **Manager: HO, TE-YU** **Accounting manager: LIU, HSIN-HSIA**

Lotes Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

>From Jan. 1 to Dec. 31, 2020 and from Jan. 1 to Dec. 31, 2019

Unit: NT$ thousands

	2020	2019
Cash flows from operating activities:		
Net profit before tax	$ 3,670,002	2,831,761
Items of adjustment:		
Items of income and expenses		
Depreciation expense	1,115,332	1,023,478
Amortization expense	26,245	12,368
Expected credit loss	1,528	2,867
Interest expense	18,609	22,711
Interest income	(28,789)	(32,820)
Income from dividends	(1,341)	(875)
Loss (gain) on the disposal and obsolescence of property, plant and equipment	(2,446)	27,655
Net loss (gain) on financial assets (liabilities) measured at FVTPL	(55,053)	(7,267)
Losses from the price drop and obsolescence of inventory	48,028	39,165
Profit from bargain purchase	(13,055)	-
Compensation costs of employee stock options	7,795	4,709
Other items	19	-
Total of the items of income and expenses	1,116,872	1,091,991
Change in assets/liabilities related to operating activities:		
Net change in the assets related to operating activities:		
Decrease (increase) in notes receivable	(30,249)	858
Increase in accounts receivable	(788,350)	(657,895)
Increase in other accounts receivable	(133,684)	(4,427)
Decrease (increase) in inventory	(486,885)	212,641
Increase in payments in advance	87,437	(46,534)
Decrease (increase) in other current assets	3,898	2,067
Decrease in other financial assets	4,960	48,332
Total net change in the assets related to operating activities	(1,342,873)	(444,958)
Net change in the liabilities related to operating activities:		
Increase (decrease) in contract liabilities	37,431	13,787
Decrease in notes payable	(23,091)	(26,396)
Increase in accounts payable	539,618	141,590
Increase in other accounts payable	203,974	154,112
Increase (decrease) in provisions	(69)	59
Decrease in other current liabilities	9,860	5,674
Increase in refund liabilities	4,511	70,373
Increase in other non-current liabilities	-	206
Total net change in the liabilities related to operating activities	772,234	359,405
Total net change in the assets and liabilities related to operating activities	(570,639)	(85,553)
Total of the adjustment items	546,233	1,006,438
Cash inflow generated from operating activities	4,216,235	3,838,199
Interests received	26,790	42,560
Dividends received	1,341	875
Interests paid	(18,616)	(24,089)
Income tax paid	(756,926)	(497,845)
Net cash inflow from operating activities	3,468,824	3,359,700
Cash flows in investing activities:		
Acquisition of financial assets measured at FVTOCI	(20,186)	-
Disposal of financial assets measured at FVTOCI	4,860	-
Acquisition of financial assets measured at FVTPL	(125,418)	(313,922)
Disposal of financial assets measured at FVTPL	297,545	177,274
Acquisition of property, plant and equipment	(1,774,297)	(1,127,735)
Disposal of property, plant and equipment	38,123	6,162
Increase in intangible assets acquired	(80,912)	(52,630)
Cash outflow generated from merger	(59,647)	-
Acquisition of investment property	(17,923)	-
Increase in other non-current assets	(310,189)	(181,017)
Net cash outflow from investment activities	(2,048,044)	(1,491,868)
Cash flows in financing activities:		
Increase (decrease) in short-term loans	(66,660)	(889,663)
Borrowing of long-term loans	20,035	-
Repayment of long-term loans	(125,583)	-
Repayment of lease principal	(114,174)	(121,833)
Decrease in other non-current liabilities	(75,956)	-
Issuance of cash dividends	(1,086,518)	(900,258)
Issuance of cash dividends for non-controlling interests	(49,117)	(10,619)
Capital increase by cash	-	1,274,362
Changes in non-controlling interests	137,365	308,003
Changes in subsidiaries, associates and joint ventures accounted for using equity method	(5,377)	190,996
Net cash outflow from financing activities	(1,365,985)	(149,012)
Effect of changes in exchange rates on cash and cash equivalents	48,623	(320,897)
Increase in cash and cash equivalents	103,418	1,397,923
Beginning balance of cash and cash equivalents	2,845,994	1,448,071
Ending balance of cash and cash equivalents	$ 2,949,412	2,845,994

(Please read the Notes to the Consolidated Financial Statements.)

Chairperson: CHU, TE-HSIANG **Manager: HO, TE-YU** **Accounting manager: LIU, HSIN-HSIA**

Lotes Co., Ltd. and Its Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended on December 31, 2020 and 2019
(Except as otherwise indicated, the unit for all amounts in this document is NT$1,000)

i. Company History

Lotes Co., Ltd. (hereinafter referred to as the "Company") was incorporated on Aug. 23, 1986 in accordance with the provisions of the Company Law and was approved for registration with its registered office at No.15, Wuxun Street, Anle District, Keelung City. The Company and its subsidiaries (hereinafter referred to as the "Consolidated Company") are principally engaged in the sale and purchase of various hardware parts and components, the manufacturing and processing of various terminals and their connectors, the import and export business in connection with the preceding item and the agency of the preceding item in connection with the tender quotation and distribution of products of domestic and foreign manufacturers. Please refer to Note 14 for further details.

ii. The date when the financial reports were authorized for issuance and the process involved

The Consolidated Financial Statement was approved and released by the Board of Directors on Mar. 24, 2021.

iii. Application of new issuing & revised standards and interpretation

(i) Influence of the Adoption of New and Revised Standards and Integrations Approved by the Financial Supervisory Commission

The Consolidated Company adopted the following newly revised IFRSs effective January 1, 2020, and there was no significant impact on the consolidated financial statements.

Amendments to IFRS 3, "Definition of a Business".

Amendments to IFRS 9, IAS 39 and IFRS 7, "Changes in Interest Rate Indicators".

Amendments to IAS 1 and IAS 8, "Definition of Significant".

Amendments to IFRS 16, "Rent Deductions Related to Emerging Coronavirus Pneumonia".

(ii) Effects of new and revised standards and interpretation has been approved by FSC but not yet being adopted

The application of the following newly revised IFRSs, effective January 1, 2021, to the Consolidated Company's evaluation will not have a material impact on the consolidated financial statements.

Amendments to IFRS 4, "Temporary Exemption from the Extension of IFRS 9

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, "Changes in Interest Rate Indicators - Phase 2

(iii) New and revised standards and interpretations not yet recognized by the FSC

The following table sets out the standards and interpretations that have been issued and revised by the International Accounting Standards Board but not yet endorsed by the FSC. The following may be relevant to the consolidated company:

New release/amendment of guidelines	**Major Amendments**	**Effective date upon promulgation by the IASB**
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	The amendment was made to enhance consistency in the application of the standard to assist companies in determining whether debts or other liabilities with an indefinite maturity date should be classified as current (due or likely to be due within one year) or non-current on the balance sheet. The amendment also clarifies the classification of debt that may be settled by conversion into equity.	Jan. 1, 2023

The Consolidated Company is continuously evaluating the impact of the above criteria and explanations on the Consolidated Company's financial position and results of operations.

The Consolidated Company does not expect the following other newly issued and amended standards, which have not yet been endorsed, to have a material impact on the consolidated financial statements.

Amendments to IFRS 10 and IAS 28, "Disposal of or Contribution to Assets between an Investor and its Affiliate or Joint Venture".

Amendments to IFRS 17, "Insurance Contracts" and IFRS 17

Amendments to IAS 16, "Property, Plant and Equipment - Price before reaching Intended Use".

Amendments to IAS 37, "Loss-making Contracts - Costs of Fulfillment of Contracts".

Annual Improvements to IFRSs for the 2018 2020 Cycle

Amendments to IFRS 3, "References to Conceptual Framework".

Amendments to IAS 1, "Disclosure of Accounting Policies".

Amendments to IAS 8, "Definition of Accounting Estimates".

iv. Summary and explanation of material accounting policies

The major accounting policies adopted in this Consolidated Financial Statement are summarized as follows. Unless otherwise noted, the following accounting policies have been applicable for all presentation period of the Consolidated Financial Statement.

(i) Compliance Statement

The Consolidated Financial Statement was compiled in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (thereinafter referred to as the Guidelines Governing the Preparation), IFRS approved by the Financial Supervisory Commission, and IAS, Interpretations and Interpretation Announcement (hereinafter referred to as IFRS approved by the Financial Supervisory Commission).

(ii) Compiling Basis

1. Measurement Foundation

Except the major items in the following balance sheet, the Consolidated Financial Statement was compiled based on the historical costs:

(1) Financial assets at fair value through profit or loss measured with fair value;

(2) Financial assets carried at fair value through other comprehensive income or loss.

(3) Liabilities for cash settlement Share-based payment agreements that are measured at fair value.

(4) Net defined benefit liabilities (or assets) are measured at the fair value of the pension fund's assets, less the present value of defined benefit obligations and the maximum effect amount as described in Note IV (XVI).

2. Functional Currency and Presentation Currency

Each party of the Consolidated Company takes the currency of major economic environment where its operation is located as its functional currency. The Consolidated Financial Statement is presented in the functional currency of the Company, TWD. All of the financial information expressed herein in TWD is of one thousand per unit.

(iii) Consolidation Foundation

The main compliers of the Consolidated Financial Statement are composed of the Company and the individuals controlled by the Company (subsidiary).

Since the date of being control, subsidiary have started to integrate their financial reports to the Consolidated Financial Statement till the date of the cancelation of the control. All trading, balances and any un-realized gains and losses among the consolidated companies have been terminated when the Consolidated Financial Statement is complied. The sum of the integrated gains and losses of subsidiary company are under control of the owner the Company and belong to non-controlling interests, even if when non-controlling interests become losses.

Intercompany transactions, balances and any unrealized gains and expenses were removed from the preparation of the consolidated financial statements.

Changes in the Consolidated Company's ownership interest in a subsidiary that do not result in a loss of control are treated as equity transactions with owners.

1. Subsidiary listed in the Consolidated Financial Statement

The including subsidiaries listed in the Consolidated Financial Statement are as follows:

Investment of Company	Name of Subsidiary	Place of Incorporation	Shareholding percentage Dec. 31, 2020	Shareholding percentage Dec. 31, 2019	Description
The Company	Lotes Investments Limited	Samoa	100.00%	100.00%	
〃	Good Hope Investments Limited	〃	100.00%	100.00%	
〃	Guansi Development Co., Ltd.	〃	100.00%	100.00%	
〃	Zhaxi Investment Co., Ltd.	Anguilla	100.00%	100.00%	
〃	Jiayu Investment Co., Ltd.	Taiwan	100.00%	100.00%	
〃	Lotes USA, Inc	USA	100.00%	100.00%	
〃	LOTES EU GmbH	Germany	100.00%	100.00%	
〃	Lerain Technology Co., Ltd.	Taiwan	33.92%	- %	(Note 1)
〃	Mikronpoint Co., Ltd.	〃	100.00%	- %	
Lotes Investments Limited	Loteson International Investments Limited	Hong Kong	100.00%	100.00%	

Loteson International Investments Limited	Lotes Guanghou Co., Ltd.	China	100.00%	100.00%	
Lotes Guanghou Co., Ltd.	Lotes Hengnan Co., Ltd.	〃	100.00%	100.00%	
〃	Lotes Shenzhen Automation Technology Co., Ltd.	〃	100.00%	100.00%	
〃	Lotes Zhongshan Co., Ltd.	〃	50.00%	50.00%	
〃	Zhongshan Dezhi Metal Surface Treatment Co., Ltd.	〃	100.00%	100.00%	
〃	Hengnan Deyi Property Development Co., Ltd.	〃	100.00%	100.00%	
〃	Guangzhou Leside Technology Co., Ltd.	〃	100.00%	100.00%	
Guangzhou Leside Technology Co., Ltd.	Chongqing Fuxinrui Electronic Technology Co., Ltd.	China	51.00%	51.00%	
Lotes Suzhou Co., Ltd.	Lotes Zhongshan Co., Ltd.	〃	50.00%	50.00%	
Good Hope Investments Limited	Xincheng Development Co., Ltd.	Samoa	100.00%	100.00%	
〃	REKA Technology Co., Ltd.	Hong Kong	100.00%	100.00%	
Guansi Development Co., Ltd.	Jae You Co., Ltd.	〃	100.00%	100.00%	
Jae You Co., Ltd.	Lotes Suzhou Co., Ltd.	China	100.00%	100.00%	
Zhaxi Investment Co., Ltd.	Wangden Investments Limited	Hong Kong	100.00%	100.00%	
Wangden Investments Limited	Zongka Technology (Shenzhen) Co., Ltd.	China	100.00%	100.00%	
Jiayu Investment Co., Ltd.	Ememe Robot Co., Ltd.	Taiwan	94.37%	94.37%	
〃	Compertum Microsystems Inc.	〃	35.34%	46.74%	(Note 1)
〃	Good News Medical Co., Ltd.	〃	5.00%	- %	(Note 1)
〃	Lintes Technology Co., Ltd.	〃	52.13%	52.13%	
Lintes Technology Co., Ltd.	Chia-Chun Investment Co., Ltd.	〃	100.00%	- %	
〃	Genie Precision Machining Co., Ltd.	〃	60.00%	- %	(Note 2)
〃	Compertum Microsystems Inc.	〃	11.77%	- %	(Note 1)
〃	Jilong Co., Ltd.	Samoa	100.00%	100.00%	
Jilong Co., Ltd.	Rihui Co., Ltd.	Samoa	100.00%	100.00%	
Rihui Co., Ltd.	Lintes Technology (Suzhou) Co., Ltd.	China	100.00%	100.00%	

Note 1: Although the Consolidated Company does not hold more than half of the voting shares of this company, it is included in the consolidated financial statements as a subsidiary because the Consolidated Company has control over its major operating activities and other decisions.

Note 2: Please refer to Note 6 (5) for details of the Consolidated Company's acquisition of control over the Company.

2. Subsidiary not listed in the Consolidated Financial Statement: none.

(iv) Foreign Currency

1. Foreign Currency Trading

Foreign currency is converted into functional currency according to exchange rate on the date of transaction. At the end of each subsequent reporting period (the "Reporting Date"), foreign currency monetary items are translated into functional currency at the exchange rate prevailing on that date. Non-monetary items measured at fair value in foreign currencies are translated into functional currencies using the exchange rates prevailing at the date of fair value measurement, while non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates prevailing at the dates of the transactions.

The foreign currency exchange difference resulting from the conversion is recognized to be other comprehensive Income excepting for the following situations, otherwise, recognized to be gains and losses.

(1) Equity instruments designated as measured at fair value through other comprehensive income.

(2) Financial liabilities designated as a net investment hedge for a foreign operating entity are within the effective range of the hedge; or

(3) Eligible cash flow hedges are within the effective range of the hedge.

2. Foreign Operating Organizations

The assets and liabilities of foreign operating organizations, including the business reputation and fair value adjustment during the acquisition, are converted to be TWD according to exchange rate on the report day; gains and losses are converted into TWD according to exchange rate in the current period, and the resultant conversion difference is recognized to be other comprehensive Income.

In case of the loss of control, joint control or material influences arising from the punishment on foreign operating organizations, the accumulated conversion differences related to the foreign operating organizations shall be fully reclassified as gains and losses. In case of subsidiary company of foreign operating organizations involved in the punishment, the related accumulated conversion differences shall be reclassified as non-controlling interests in proportion. In case of affiliated company or joint ventures of foreign operating organizations involved in some of the punishment, related accumulated conversion differences shall be fully reclassified as gains and losses in proportion.

As to the receivable and payable monetary items of foreign operating organizations, if without the repayment plan or the possibility of repayment in foreseeable future, the resultant gains and losses from foreign currency conversion shall be regarded as a part of net investments to the foreign operating organizations as recognized as other comprehensive income.

(v) Standards for Classifying Current and Non-current Assets and Liabilities

Assets meeting one of the following conditions are recognized to be current assets, and other assets not belonging to current assets are recognized to be non-current assets:

1. Those that are expected to be realized during the normal operating period of the Consolidated Company or intended to be sold or consumed.
2. Those held mainly for the purpose of transaction.
3. Those expected to be realized within 12 months after the balance sheet.
4. Cash or cash equivalents, but not including those used for exchange, liquidation of liabilities or those with other restrictions.

The liabilities meeting any one of the following conditions are current liabilities, and other liabilities not belonging to current liabilities are recognized to be non-current liabilities:

1. Those expected to be paid off during the normal operating period of the Company.
2. Those held mainly for the purpose of transaction.
3. Those expected to be paid off within 12 months after the balance sheet.
4. Those that shall not allow the Consolidated Company to unconditionally extend the liquidation period to at least 12 months. Liabilities for liquidation arising from the issuing of equity instruments in accordance with the clauses chosen by the other party of transaction will not affect their classification.

(vi) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are the investments which are allowed to be converted into normed cash with few value change risks and short-term high flowability. Certificate of deposit which satisfy the foregoing definition and with the holding purpose of meeting the short-term cash pledges rather than investment or others shall be recognized as cash equivalents.

(vii) Financial Instruments

Accounts receivable are recognized at the time of generation. All other financial assets and financial liabilities were originally recognized when the Consolidated Company became a party to the terms of the financial instrument agreement. Financial assets that are not measured at fair value through profit or loss (except accounts receivable, which do not contain a significant financial component) or financial liabilities are measured at fair value plus the transaction cost directly attributable to the acquisition or issue. Accounts receivable, which do not contain significant financial components, are originally measured at transaction prices.

1. Financial assets

The purchase or sale of financial assets by a conventional trader, the Consolidated Company shall treat all purchases and sales of financial assets classified in the same manner in accordance with the transaction date or the settlement date.

At the time of the original recognition, financial assets were classified as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity instrument investments measured at fair value through other comprehensive income, or financial assets measured at fair value through gains and losses.

The Consolidated Company will only change its business model for managing financial assets from the first day of the next reporting period to classify all affected financial assets.

(1) Financial assets as measured by their amortized costs

Financial assets are measured at post-amortized cost when they simultaneously meet the following conditions and are not specified to be measured at fair value through profit or loss:

· The financial asset is held under a business model for the purpose of collecting contractual cash flow.

· The cash flow generated by the terms of the contract on the financial asset at the specified date is solely for the payment of the principal and the interest on the outstanding principal amount.

The cumulative amortization of such assets is subsequently calculated by the effective interest method plus or minus the original amount recognized, and the amortized cost of any loss allowance is adjusted. Interest income, foreign exchange gains and losses and impairment losses are recognized as gains and losses. When derecognized, the profit or loss shall be included in the profit or loss.

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

When the debt instrument investment simultaneously meets the following conditions and is not specified to be measured at fair value through profit and loss, it is measured at fair value through other consolidated profit and loss:

· The financial asset is held under a business model for the purpose of collecting contractual cash flow and selling.

· The cash flow generated by the terms of the contract on the financial asset at the specified date is solely for the payment of the principal and the interest on the outstanding principal amount.

The Consolidated Company may, at the time of its original recognition, irrevocably choose to report the subsequent changes in the fair value of its non-tradable equity instrument investments to other consolidated profits and losses. The foregoing selection is made on an item-by-item tool basis.

Debt instrument investors are measured by fair value afterwards. Interest income, foreign exchange gains and losses and impairment losses calculated by the effective interest method are recognized as gains and losses, while the remaining net gains or losses are recognized as other comprehensive income. When discounting, the accumulated amount of other comprehensive income shall be reclassified into comprehensive income.

Equity instrument investors are measured by fair value afterwards. Dividend income (unless it clearly represents the recovery of a portion of the investment cost) is recognized as a profit or loss. The remaining net benefits or losses are recognized as other comprehensive income and are not reclassified into gains and losses.

Dividend income from equity investments is recognized on the date (usually ex-dividend date) when the Consolidated Company becomes entitled to receive dividends.

(3) Financial assets measured at fair value through profit and loss

Financial assets that are not measured at fair value at the above amortized cost or through other comprehensive income are measured at fair value through gains and losses, including derivative financial assets. The Consolidated Company may, at the time of its original recognition, irrevocably designate financial assets that meet the criteria of measuring at fair value according to the amortized cost or through other comprehensive income as financial assets measured at fair value through gains and losses in order to eliminate or substantially reduce improper accounting matching.

Such assets are subsequently measured at fair value and their net gains or losses (including any dividends and interest income) are recognized as gains or losses.

(4) Business model evaluation

The purpose of the Consolidated Company is to assess the business model of holding financial assets at a portfolio level, which best reflects the way of operation and management and the way of providing information to management. The following information is considered:

- The portfolio policies and objectives described and the operation of such policies. Including whether the management's strategy is to focus on earning contractual cash flow, maintaining a certain portfolio of interest rates, matching the duration of financial assets with the duration of the relevant liabilities or anticipated cash outflows, or achieving cash flow through the sale of financial assets.
- Performance of the business model and how the financial assets held under the business model are evaluated and reported to the principal managers of the business.
- Risks that affect the performance of the business model (and the financial assets held under the business model) and the manner in which such risks are managed.
- The frequency, amount and timeliness of previous sales of financial assets, the reasons for such sales and the expectation of future sales.

The transfer of a financial asset to a third party for the above business purposes that does not meet the exclusion criteria is not a sale as described above, consistent with the purpose for which the Consolidated Company continues to recognize the asset.

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

(5) Evaluate whether the cash flow of the contract is fully the interest on the payment of the principal and the amount of outstanding principal

For evaluation purposes, the principal is the fair value of the financial asset at the time of its original recognition, and the interest is made up of the following considerations: the time value of money, the credit risk associated with the amount of outstanding principal in circulation during a particular period, and other basic lending risks and costs and profit margins.

To evaluate whether the contract cash flow is fully interest on the principal and the outstanding principal amount, the Consolidated Company considers the terms of the financial instrument contract, including whether the financial asset contains a contract term that can change the point or amount of the cash flow of the contract, causing it to fail to meet this condition. In the evaluation, the Consolidated Company considers:

· Any contingencies that change the timeliness or amount of the cash flow of the contract;
· The terms of the coupon rate may be adjusted, including the nature of the variable rate;
· The nature of prepayment and extension; and
· Claims of the Consolidated Company are limited to cash flow terms derived from specific assets (e.g. non-recourse nature).

(6) Impairment of financial assets

For the financial assets measured at the amortized cost after (including cash and about when cash, notes receivable, accounts receivable, other receivables, refundable deposit, and other financial assets, etc.), through the other comprehensive income measured at fair value, the debt instruments of investment assets and contract of expected loss, the Consolidated Company recognizes the allowance for credit losses.

The following financial assets are measured against losses according to the expected credit loss amount of 12 months, and the rest are measured according to the expected credit loss amount of the existing period:

· Determine that the credit risk of the debt securities at the reporting date is low; and
· The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected life of financial instruments) has not increased significantly since the original recognition.

The loss allowance for accounts receivable and contract assets is measured in terms of the expected credit loss during the period of existence.

In determining whether credit risk has increased significantly since the initial recognition, the Consolidated Company considers reasonable and verifiable information (available at no excessive cost or investment), including qualitative and quantitative information, as well as analysis based on the Consolidated Company's historical experiences, credit assessment and forward-looking information.

The Consolidated Company shall be deemed to be in default of the financial asset if the debtor of the contract payment is unlikely to meet his credit obligations to make the full payment to the Consolidated Company.

Expected credit loss during the life of a financial instrument refers to the expected credit loss arising from all possible defaults during the life of the financial instrument.

Twelve-month expected credit loss refers to the expected credit loss arising from the possible default of the financial instrument within twelve months after the date of the report (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months).

The longest contract period during which the expected credit loss is measured is the longest contract period during which the Consolidated Company is exposed to credit risk.

The expected credit loss is the probabilistic weighted estimate of the credit loss during the expected life of the financial instrument. Credit losses are measured in terms of the present value of all cash shortfalls, the difference between the cash flows that the Consolidated Company can collect under the contract and the cash flows that the Consolidated Company expects to collect. The expected credit loss is discounted at the effective interest rate of the financial asset.

On each reporting date, the Consolidated Company evaluates whether there is a credit impairment in the debt securities on which financial assets are measured at after-amortized cost and on which fair value is measured through other comprehensive income. When one or more events have occurred that adversely affect the estimated future cash flow of a financial asset, the financial asset has suffered a credit impairment. Evidence of credit impairment of financial assets includes observable information relating to:

- Major financial difficulties of the borrower or issuer;
- Default, such as delay or delay beyond a specified period;
- For economic or contractual reasons related to the borrower's financial difficulties, the Consolidated Company gives the borrower concessions that the borrower would not have considered;
- The borrower is likely to file for bankruptcy or other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The loss allowance for a financial asset measured at its amortized cost is deducted from the carrying amount of the asset. The allowance for losses on debt instrument investments is measured at fair value through other comprehensive income. It is adjusted and recognized as other comprehensive income (without reducing the carrying amount of the assets).

When the Consolidated Company cannot reasonably expect to recover the financial assets as a whole or in part, it will directly reduce the total book amount of its financial assets. For the company, the Consolidated Company shall analyze the date and amount of the write-off on the basis of whether it is reasonable to expect recovery. The Consolidated Company does not expect a significant reversal of the write-off. However, financial assets that have been written off may still be enforced to comply with the procedures of the Consolidated Company for recovering overdue amounts.

(7) Financial assets de-recognition

When the Consolidated Company terminates the contractual rights from the cash flow of such assets or has transferred the financial assets and almost all risks and returns of the asset ownership have been transferred to other enterprises, the financial assets shall be de-recognized.

Transactions in which the Consolidated Company enters into transfers of financial assets that retain all or substantially all of the risks and rewards of ownership of the transferred assets continue to be recognized on the balance sheet.

2. Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities which are held for trading, derivatives or specified at the time of their original recognition are classified as being measured at fair value through profit or loss. Financial liabilities, measured at fair value through profit and loss, are measured at fair value, and the associated net benefits and losses, including any interest expense, are recognized as profit and loss.

The effective subsequent interest method for other financial liabilities is measured at the amortized cost. Interest expenses and exchange gains and losses are recognized as gains and losses. Any benefit or loss at the time of discounting is also considered as profit or loss.

(1) De-recognition of financial liabilities

The Consolidated Company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled or matured. When the terms of a financial liability are modified and the cash flows of the modified liability differ materially, the original financial liability is derecognized and a new financial liability is recognized at fair value based on the modified terms.

When de-recognizing financial liabilities, the difference between carrying amount and the sum of paid or payable considerations (including any transferred non-cash capital or assumed liabilities) shall be recognized as gains and losses.

(2) Offset between financial assets and liabilities

Financial assets and financial liabilities can be offset with each other and represented on the balance sheet with net value only when the Company has legal rights to offset and has the intention to deliver with net value as well as realize capital and liquidate the liabilities.

3. Derivative financial instruments

The Consolidated Company holds derivative financial instruments to avoid foreign currency and interest rate risks. Embedded derivatives are separated from the main contract when specific conditions are met and the main contract is not a financial asset.

Derivative instruments are initially recognized at fair value and subsequently measured at fair value, and the resulting gain or loss is recognized directly in profit or loss.

(viii) Inventory

Inventory shall be measured with the lower of the costs and net realizable value. The costs include the acquisition, production and processing costs enabling them to arrive at the available places and status and other costs, which are calculated according to the standard cost method, and priced at cost transferring according to weighted mean method. The costs of the inventory of finished products and products in process include the manufacturing costs amortized based on normal production capacity according to proper percentage.

Net realizable value refers to the estimated prices under normal operation deducting estimated costs to be needed for estimated completion and estimated costs to be needed for completing selling.

(ix) Property, plant and equipment

1. Recognition and Measurement

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

Significant components of property, plant and equipment are treated as separate items (major components) when they have different life cycles.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent Costs

Subsequent expenses are capitalized only when it is probable that future economic benefits will flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of the asset less its residual value and is recognized in profit or loss using the straight-line method over the estimated useful life of each component.

The land is not subject to depreciation.

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

(1) Buildings	20-40 years
(2) Machinery	2-10 years
(3) Other equipment	2-10 years

The Company reviews the method of depreciation, durability and residual value at each reporting date and makes appropriate adjustments as necessary.

4. Reclassification to investment real estate

When real property for own use is reclassified to investment property, the real property is reclassified to investment property based on its carrying amount at the time of change of use.

(x) Investment property

Investment real estate means real property held for the purpose of earning rent or asset appreciation, or both, rather than for the purpose of production, provision of goods or services, or for administrative purposes. Investment real estate is originally measured by cost, and later measured by cost minus accumulated depreciation and accumulated impairment. The depreciation method, durable life and residual value shall be treated in accordance with the provisions of real estate, plant and equipment.

The disposal interest or loss of the investment real estate (calculated at the difference between the net disposal price and the account amount of the project) shall be recognized as the profit or loss.

The rental income of investment real estate is recognized as other income in the straight-line method during the lease term. The incentive to lease is recognized as part of the rental income during the lease term.

(xi) Lease

1. Judgment of lease

The Consolidated Company shall assess whether the contract is a lease or includes a lease on the date of formation of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract shall be a lease or includes a lease. To assess whether the contract is a lease, the Consolidated Company evaluates the following items:

(1) the contract relates to the use of an identified asset whose entity may distinguish or represent all of the actual production capacity if it is explicitly specified in the contract or by implication specified at the time of availability. If the supplier has a material right to replace the asset, the asset is not recognized; and

(2) the right to obtain almost all the economic benefits derived from the use of the identified assets throughout the use period; and

(3) acquire the right to dominate the use of the identified assets in one of the following circumstances:

- The Consolidated Company has the right to dominate the use and purpose of the identified assets throughout the use period; or
- Decisions relating to the manner and purpose of use of the asset are made in advance, and:
  - The Consolidated Company has the right to operate the assets throughout the use period and the supplier has no right to change the instructions for such operations; or
  - The way in which the assets are designed by the Consolidated Company has determined in advance how and for what purpose they will be used throughout their lifetime.

2. The lessee

The Consolidated Company recognize the right-of-use assets and lease liabilities on the beginning date of the lease. Right-of-use assets are originally measured in terms of cost, which includes the original measured amount of lease liabilities, adjusts the lease beginning date or before payment of any rent payment, and the initial direct costs, and applied to removing the asset and restoring its location or the estimated cost of the underlying assets. It minuses the charge of any lease incentives at the same time.

Depreciation of right-of-use assets following the commencement of the lease shall be carried out by the straight-line method at the end of the useful life of right-of-use assets or earlier at the end of the lease term. In addition, the Consolidated Company will periodically evaluate whether there is any loss of right-of-use assets and deal with any loss that has occurred, and adjust the right-of-use assets in the case of lease liabilities.

Lease liabilities are defined as the present value of lease benefits not yet paid at lease commencement date. If the implied lease rate is easy to determine, the discount rate will be that rate, and if not, the incremental borrowing rate of the Consolidated Company will be used. Generally speaking, the Consolidated Company adopts its incremental borrowing rate as the discount rate.

Lease benefits measured in Lease liabilities include:

(1) Fixed payments, including substantive fixed payments;

(2) Depending on the variation of a certain index or rate of rent payment, the index or rate on the commencement date of the lease shall be used as the original measurement;

(3) the guaranteed amount of salvage value expected to be paid; and

(4) the price at which the option to exercise the option to purchase or terminate the lease will be reasonably determined or the penalty to be paid.

Lease liabilities is then calculated using effective interest method, and the amount was measured when:

(1) changes in the index or rate used to determine lease payments result in changes in future lease payments;

(2) the guaranteed amount of the 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 option of extension or termination has changed, which leads to the change of the assessment of the lease period;

(5) modification of the subject matter, scope or other terms of the lease.

Lease liabilities are remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchases, extensions or termination options, the book value of right-of-use assets should be adjusted accordingly. When the book value of right-of-use assets is reduced to zero, the remaining re-measured amount is recognized in profit or loss.

For the tease modifications about the reduced coverage, the book amount of right-of-use assets will be reduced to reflect partial or total termination of Lease, and the difference between Lease assets and Lease assets will be included in the profit and loss.

The Consolidated Company will express the right-of-use assets and lease liabilities that do not conform to the definition of investment real estate in the form of single line items in the balance sheet.

3. The lessor

The transaction in which the Consolidated Company is a lessor shall be classified as a financial lease or an operating lease on the date of establishment of the lease, depending on whether or not the lease contract is transferred to almost all the risks and rewards attached to the ownership of the underlying asset. In the evaluation, the Consolidated Company shall consider certain indicators, including whether the lease term covers the principal part of the underlying asset's economic life.

If the Consolidated Company is a sublease lessor, it will handle the master lease and the sublease transaction respectively and evaluate the sublease transaction classification based on the right-of-use assets generated from the master lease. If the principal lease is a short-term lease and a recognition waiver is applicable, the sublease transaction shall be classified as an operating lease.

(xii) Intangible assets

1. Recognition and measurement

Computer software acquired by the Consolidated Company is measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

The subsequent expenditure can be capitalized only when they can increase the future economic benefits of relevant specific assets, and all of other expenditures are recognized as gains and losses when they occur, including the expenses for developing reputation and brand establishing.

3. Amortization

Amortization is calculated based on the cost of the asset less its estimated residual value and is recognized in profit or loss using the straight-line method over the estimated useful lives of the Intangible assets, from one to five years from the time the assets reach a ready-for-use condition.

The Consolidated Company reviews the amortization method, useful life and residual value of Intangible assets at each reporting date and makes appropriate adjustments as necessary.

(xiii) Non-financial Asset Impairment

At each reporting date, the Consolidated Company assesses whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets) may be impaired. If any indication exists, the recoverable amount of the asset is estimated.

For the purpose of impairment testing, cash inflows that are largely independent of other individual assets or groups of assets are treated as the smallest identifiable group of assets.

The recoverable amount is the higher of the fair value less costs to dispose of the individual asset or cash-generating unit or its value in use. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized. An impairment loss is recognized immediately in profit or loss and is reduced first by the carrying amount of goodwill amortized on the cash-generating unit and then by the carrying amount of each other asset in the unit in proportion to its carrying amount.

Non-financial assets other than goodwill are reversed only to the extent that they do not exceed the carrying amount (net of depreciation or amortization) that would have been determined had no impairment loss been recognized for the asset in prior years.

(xiv) Provisions

Provisions for liabilities are recognized when the Consolidated Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The amount recognized as a provision for liabilities is the best estimate of the amount that will be required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties of the obligation. If the liability provision is measured by the estimated cash flows to settle the present obligation, the carrying amount is the present value of those cash flows.

(xv) Income Recognition

Revenue from customer contracts

Income is measured in consideration for the expected entitlement to transfer goods or services. The Consolidated Company recognizes revenue from the transfer of control of goods or services to the customer in order to meet its performance obligations.

The Consolidated Company manufactures electronic components and sells them to manufacturers in the electronics industry. The Consolidated Company recognizes revenue at the time of the transfer of control over the products. Control transfer of the product means that the product has been delivered to the customer and the customer can fully determine the sales channel and price of the product, and there is no failure to fulfill obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product in accordance with the sales contract, the acceptance terms have expired, or the Consolidated Company has objective evidence that all acceptance conditions have been met.

The Consolidated Company recognizes revenue on the basis of the net amount of the estimated discount deducted from the contract price, the amount of which is estimated based on past experiences, and only to the extent that there is a high probability that no significant turnaround will occur. As of the date of the report, the sales will expect to pay the customer for the discount, which is refunded as refund liabilities. The average credit period of sales is one hundred twenty days to one hundred fifty days, which is consistent with the practice of the same trade, so no financing elements are included.

The Consolidated Company shall recognize accounts receivable at the time of delivery of the goods, as the Consolidated Company shall have the right to receive unconditional consideration at that time.

The time between the transfer of goods or services from all customer contracts to the customer and the time between the customer's payment for the goods or services is expected to be no more than one year, so the Consolidated Company does not adjust the time currency value of the transaction price.

(xvi) Employee Benefits

1. Defined Contribution Plan

The contribution obligation of the defined contribution pension plan is recognized as an expense in the period in which the employees render service to the Consolidated Company.

2. Defined benefit plans

The Consolidated Company’s net obligation to a defined benefit plan is measured by discounting the present value of future benefits earned by the employee's current or prior period of service, less the fair value of the plan assets.

The defined benefit obligation is actuated annually by a qualified actuary using the projected unit benefit method. When the results of the calculation are probable to be favorable to the Company, an asset is recognized to the extent of the present value of any economic benefits that may be obtained by returning a contribution from the plan or reducing future contributions to the plan. Any minimum funding requirement is taken into account in calculating the present value of economic benefits.

The remeasurement of the net defined benefit obligation, including actuarial gains and losses, compensation for plan assets (excluding interest), and any change in the impact of asset limits (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings. The Consolidated Company determines net interest expense (income) for net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other costs for defined benefit plans are recognized in profit or loss.

When a plan is revised or curtailed, changes in benefits related to prior period service costs or curtailment gains or losses are recognized immediately in profit or loss. The Consolidated Company recognizes gain or loss on the settlement of defined benefit plans when settlement occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as an expense when services are provided. If the Consolidated Company has a present legal or constructive obligation to pay for services rendered by employees in the past and the obligation can be estimated reliably, the amount is recognized as a liability.

(xvii) Share-based Payment Transaction

The value of Share-based benefit agreements shall be settled at the fair value on the date of grant, and an expense shall be recognized over the vesting period of the award and the relative equity shall be increased. The amount ultimately recognized is based on the amount of incentive payments made on the vesting date that meet the conditions of service and non-market vesting conditions.

The non vesting conditions of share-based payment rewards have been reflected on the fair value measurement on the grant date of share-based payment, and the difference between the expected and actual results are not required to check and adjust.

The fair value of the right to increase the value of the shares for cash delivery shall be the amount paid to the employee within the period of the employee's unconditional remuneration, and the expenses shall be recognized and the relative liabilities shall be increased. Any change in the liability, which is remeasured at the fair value of the rights to increase in value of the shares on the reporting and closing dates, is recognized as a profit or loss.

(xviii) Income Tax

Income taxes include current and deferred income tax asset. Except those related to enterprise consolidation and items directly recognized as equities or other comprehensive income, Current tax and deferred income tax asset shall be recognized as gains and losses.

Current income taxes include estimated income taxes payable or refund receivable based on current year taxable income (loss) and any adjustments to prior years' income taxes payable or refund receivable. The amounts are measured at the best estimate of the amount expected to be paid or received at the statutory or substantive legislative rates in effect at the reporting date.

Deferred income tax assets are measured and recognized according to the temporary difference between the carrying amount and taxation basis of assets and liabilities with financial report objectives.

In case of any of the following situations, the temporary differences will not be recognized as deferred income tax assets:

1. Those not belong to the assets or liabilities originally recognized in the transaction of enterprise consolidation, and not influencing accounting profits and taxation incomes (losses) during the transaction.
2. Those generated due to investment subsidiary company and joint equities and likely to not to be returned in the foreseeable future.
3. Original recognition of business reputation.

Carry forward of unused taxation losses and unused income tax and deductible temporary differences are recognize as deferred income tax assets within the scope where the possible future taxable incomes are available. They are re-evaluated on each report day and deduct the income tax benefits which are not possible to be realized.

Deferred income tax assets are measured according to the tax rate in the current period when the expected capital is realized or liabilities are liquidated and based on the legal tax rate or substantial legal tax rate on the report day.

Only when the Consolidated Company shall meet the following conditions at the same time, can the deferred income tax assets and deferred tax liabilities offset with each other:

1. Having the legal execution right to make the current income tax assets and the current tax liabilities offset with each other: and
2. Deferred income tax assets and deferred tax liabilities are related to one of the subjects of tax payment from which the same tax authority levies income tax;
   (1) Same subject of tax payment; or
   (2) Different subjects of tax payment, but all subjects intend to liquidate the current tax liabilities and assets based on net amount or at the same time realize assets and liquidate liabilities in each of the future periods when deferred income tax assets of major amounts are expected to be recovered and deferred tax liabilities expected to be liquidated.

(xix) Business Combination

The Consolidated Company first gained control of another company through an acquisition in the second quarter of 2020, and therefore, the accounting policy related to business combinations was applied starting from January 1, 2020.

Goodwill is measured at the fair value of the consideration transferred at the date of acquisition, including the amount attributable to any noncontrolling interest in the acquiree, less the net amount of the identifiable assets acquired and liabilities assumed (usually the fair value). If the resulting balance is negative, the Consolidated Company reassesses whether all assets acquired and liabilities assumed have been correctly recognized before recognizing the benefit of the bargain purchase in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs associated with a business combination should be recognized as expenses of the combining company immediately when incurred.

For non-controlling interests in the acquiree that are currently owned and whose holders are entitled to a proportionate share of the net assets of the enterprise at the time of liquidation, the Consolidated Company elects, on a transaction-by-transaction basis, to measure them at their acquisition-date fair value or at the current ownership instrument's proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair values at the acquisition date or on other bases in accordance with IFRSs recognized by the FSC.

(xx) Earnings per share

The Consolidated Company lists the basic and diluted earnings per share of holders of common stock equity of the Company. The basic earnings per share of the Consolidated Company shall be calculated with the gains and losses of the holders of common stock equity of the Consolidated Company divided by the weighted mean of current outstanding common shares. Diluted earnings per share shall be calculated after adjusting the influence of all potential diluted common shares of the gains and losses of the holders of common stock equity of the Company and the weighted mean of current outstanding common shares. The potential diluted common shares of the Consolidated Company include convertible corporate bonds and stock options for employees.

(xxi) Segments

The operating segment is a component of the Consolidated Company that engaging in operating activities that may earn income and incur expenses, including income and expenses related to transactions between other components of the Consolidated Company. The results of operations of all operating segments are reviewed periodically by the Consolidated Company’s chief operating decision maker to make decisions about the allocation of resources to those segments and to measure their performance. Separate financial information is available for each operating segment.

v. Primary sources of uncertainty in major accounting judgments, estimates, and assumptions

Management is required to make judgments, estimates and assumptions in preparing the consolidated financial statements in accordance with "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

The management authority continuously inspects the estimate and basic assumption, and accounting changes are recognized during the period of changes and the period of future to be influenced.

Inventory evaluation

Since inventory must be measured at the lower of cost or net realizable value, the Consolidated Company estimates the reported amount of inventory due to normal wear and tear, obsolescence, or no market sale value on a daily basis and reduces the cost of inventory to net realizable value. The net realizable value of inventories may change significantly due to rapid changes in the industry and the introduction of new products. Please refer to Note VI (IV) for the inventory assessment.

vi. Descriptions of Material Accounting Items

(i) Cash and cash equivalents

	Dec. 31, 2020	Dec. 31, 2019
Petty cash	$ 2,139	3,660
Demand deposits and check deposits	2,169,311	1,560,714
Time deposits	777,962	1,281,620
Cash and cash equivalents listed on the Statement	**$ 2,949,412**	**2,845,994**

Please refer to Note VI (XXVI) for the disclosure of the interest rate risk and sensitivity analysis of the financial assets of the Consolidated Company.

(ii) Financial assets

1. Financial assets measured at FVTPL:

	Dec. 31, 2020	Dec. 31, 2019
Financial assets measured at FVTPL:		
Non-hedging derivatives		
Forward exchange contracts	$ 6,180	-
Non-derivative financial assets:		
Listed stocks	116,780	20,931
Linked deposits	-	219,103
Total	**$ 122,960**	**240,034**

The Consolidated Company's linked deposits are initially recognized on the basis of the principal amount of the deposit contract, and the interest rate is calculated based on the change in the subject matter of the linked deposits, and the Consolidated Company receives the Interest income on a regular basis.

The Consolidated Company engages in derivative financial instruments to hedge the exposure to exchange rate and raw material price risk arising from operating activities. The breakdown of derivative instruments reported as financial assets at fair value through profit or loss by the Consolidated Company for which hedge accounting is not applicable is as follows.

	Dec. 31, 2020	
Financial Assets	**Principal of the Contract (thousand)**	**Due Date**
Forward exchange contracts	USD 3,000	2021.01.08
"	USD 4,000	2021.01.11
"	USD 2,000	2021.01.12
"	USD 9,000	2021.01.20
"	USD 2,000	2021.01.22
"	USD 4,000	2021.01.28
"	USD 5,000	2021.02.09
"	USD 2,000	2021.02.18
"	USD 2,000	2021.02.19
"	USD 2,000	2021.02.23
"	USD 9,000	2021.02.24
"	USD 4,000	2021.02.26
"	USD 6,000	2021.03.10
"	USD 4,400	2021.03.15
"	USD 2,000	2021.03.23

2. Financial assets measured at FVTOCI

	Dec. 31, 2020	Dec. 31, 2019
Equity instruments measured at FVTOCI:		
Current:		
Domestic unlisted stocks－Kuang Ying Computer Equipment Co., Ltd.	$ -	4,507
Domestic unlisted stocks－AICP Technology Corporation	2,016	1,931
Subtotal	2,016	6,438
Noncurrent:		
Domestic listed stocks － Chailease Holding Co., Ltd.	20,120	-
Total	$ 22,136	6,438

The Consolidated Company’s investments in these equity instruments are not held for trading purposes and therefore have been designated as measured at fair value through other comprehensive income.

The Consolidated Company had no dividend income from equity instruments measured at FVTOCI for the years ended December 31, 2020 and 2019.

On May 8, 2020, the Consolidated Company sold Kuang Ying Computer Equipment Co., Ltd., which was designated to be measured at fair value through other comprehensive income and the fair value at the time of disposal was $4,860 thousand and the cumulative loss on disposal was $10,140 thousand, therefore, the aforementioned cumulative loss on disposal was transferred from other equity to retained earnings.

As of December 31, 2020 and 2019, the Consolidated Company's financial assets had not been pledged as security.

(iii) Notes, accounts receivable and other receivables

	Dec. 31, 2020	Dec. 31, 2019
Receivable notes	$ 54,105	15,257
Accounts receivable	6,852,928	5,957,860
Other accounts receivable	359,009	222,320
Less: Provisions	(14,029)	(11,881)
	$ 7,252,013	6,183,556

Please refer to Note VI (XXVI) 1. (3) Statement of Changes in Notes and Accounts Receivable Provisions for the years ended December 31, 2020 and 2019 for details.

The Consolidated Company assesses that a portion of the accounts receivable and other receivables held by the Consolidated Company under the operating model of collecting cash flows and sales are measured at fair value through other comprehensive income as of December 31, 2020 and 2019, of which $0 dollars and $497,928,000 dollars respectively.

Information of the factoring of accounts receivable of the Consolidated Company is provided below:

Unit: 1,000 TWD／1,000 in foreign currency

Dec. 31, 2019						
Factored to	**Amount derecognized**	**Amount can be provided as advance**	**Amount provided as advance**	**Transferred to other receivables**	**Interest rate range**	**Other important matters**
CTBC Bank	$ -	749,500 USD 25,000	-	-	-	None

The above quota is used in a circular manner, and the outstanding accounts receivable sold by the Consolidated Company are purchased by China Trust without recourse. In accordance with the terms of the sale and surrender contract, losses arising from commercial disputes (such as return of sales or concessions, etc.) shall be borne by the Consolidated Company and losses arising from credit risk shall be borne by such Banks.

As of December 31, 2019, to 2020, no retained accounts receivable for sale were transferred to other receivables.

(iv) Inventory

		Dec. 31, 2020	Dec. 31, 2019
Merchandise	$	773,548	494,396
Final goods		676,044	706,097
Work in progress		695,361	444,416
Raw materials		414,075	292,094
Goods in transit		-	39,018
	$	2,559,028	1,976,021

The Consolidated Company's inventories as of December 31, 2020 and 2019 including an allowance for inventory losses are $295,528,000 dollars and $271,717,000 dollars respectively.

The Consolidated Company recognized inventory-related expenses and gains as follows:

		2020	2019
Cost of goods sold	$	10,222,310	9,941,368
Downtime cost		90,799	39,165
Losses on the price fall and scraping of inventory (gain on reversal)		48,028	(359,571)
Total	$	10,361,137	9,620,962

As of December 31, 2020 and 2019, the Consolidated Company's inventories were not pledged as security.

(v) Change in ownership interest in a subsidiary

1. Acquisition of Subsidiary

On May 13, 2020, the Consolidated Company acquired the control of Genie Precision Machining Co., Ltd. (Genie Precision Machining) by purchasing 63.93% of its shares. Genie Precision Machining is an ultra-precision optical and automation equipment manufacturer, and the acquisition of control over the company will enable the Consolidated Company to expand its automotive electronics operations.

For the period from the acquisition date to December 31, 2020, Genie Precision Machining contributed revenue and net income of $220,334,000 and $21,514,000 respectively. If the acquisition had occurred on January 1, 2020, the management estimates that the Consolidated Company would have had revenues of $17,390,647,000 and net income of $2,845,280,000 for the period from January 1, 2012 to December 31, 2012. These amounts do not reflect the actual revenue and operating results of the Consolidated Company that could have been generated if the business combination had been completed on the commencement date of the year of acquisition and should not be used as a forecast of future operating results.

The costs associated with this acquisition transaction were recognized in the consolidated statement of income under the heading "Management fee".

The major categories of the consideration transferred, the assets acquired and liabilities assumed at the date of acquisition and the amounts recognized are as follows:

(1) Net cash outflows from acquired subsidiaries

Consideration paid in cash	$	78,533
Less: acquired cash and cash equivalents		(18,886)
	$	**59,647**

(2) Identifiable assets acquired and liabilities assumed

The fair values of the recognized assets and liabilities acquired and assumed at the date of acquisition are as follows.

Current Assets		
Cash and cash equivalents	$	18,886
Financial assets measured at amortized cost		5,009
Notes receivable, accounts receivable and other receivables		116,145
Inventories		144,150
Other current assets		12,297
Non-current assets		
Property, plant and equipment		214,258
Intangible assets		1,054
Deferred income tax assets		6,190
Other non-current assets		53,033
Current liabilities		
Short-term borrowings		(36,680)
Contractual liabilities - current		(34,282)
Notes payable, Accounts payable and Other payables		(142,001)
Current income tax liabilities - current		(7,955)
Long-term loans due within one year		(29,491)
Other non-current liabilities - other		(1,097)
Non-current liabilities		
Long-term loans		(100,053)
Other non-current liabilities		(76,191)
Fair value of identifiable net assets	**$**	**143,272**

The fair value of receivables (mainly accounts receivable) and the total contract amount were both $116,145,000, and there were no uncollectible contractual cash flows expected at the acquisition date.

The Consolidated Company will review the above matters on an ongoing basis during the measurement period. If, within one year of the acquisition date, new information becomes available regarding facts and circumstances existing at the acquisition date that would identify an adjustment to the provisional amount described above or any additional provision for liabilities existing at the acquisition date, the accounting for the acquisition will be modified.

(3) Cheap purchase benefits

The bargain purchase benefits recognized as a result of the acquisition were as follows:

Transfer Consideration	$	78,533
Add: Non-controlling interests		51,684
Less: Fair value of identifiable net assets		(143,272)
Gain on bargain purchase	**$**	**(13,055)**

The gain of $13,055,000 resulting from the acquisition of Genie Precision Machining was reported as "Gain on bargain purchase" in the consolidated statement of income.

2. Subsidiary cash capital increase, the Consolidated Company did not subscribe in proportion to its shareholding, resulting in no loss of control

On December 16, 2020, Compertum Microsystems Inc. issued 3,255,000 new shares, raising $75,950,000 in total. The Consolidated Company subscribed 1,755,000 shares for $40,950,000, which increased the Consolidated Company's equity interest in Compertum Microsystems Inc. by 4.64% due to the unrealized shareholding.

On July 8, 2020, Genie Precision Machining Co., Ltd. issued 15,000,000 new shares, raising $150,000,000 in total. The Consolidated Company subscribed 8,630,000 shares for $86,300,000, and the Consolidated Company's interest in Genie Precision Machining Co., Ltd. was reduced by 3.93% due to the failure to subscribe in proportion to its shareholding.

Compertum Microsystems Inc. issued 1,379,000 new shares on April 30, 2020, raising total proceeds of $13,786,000. The Consolidated Company reduced its interest in Compertum Microsystems Inc. by 9.91% due to non-subscription.

Lintes Technology Co., Ltd raised $479,108 from a capital increase of 6,000 new shares on December 10, 2008. The failure of the Consolidated Company to subscribe reduced its interest in Lintes Technology Co., Ltd by 6.13%.

The effects of the changes in the Consolidated Company’s ownership interests of the subsidiaries mentioned above on the interests attributable to the owners of the parent are as follows:

		2020	2019
Increase in equity after new shares were issued by subsidiaries	$	125,937	190,973
Subscription amount not according to shareholding percentage		(127,250)	-
Exchange differences on the translation of foreign financial statements		-	(82)
Capital reserve - the recognition of changes in the ownership interests of subsidiaries	$	(1,313)	190,891

(vi) Subsidiaries with significant non-controlling interests

The non-controlling interests of subsidiaries that are material to the Consolidated Company are as follows:

Name of Subsidiary	Main business place/ The country where the company registered	The percentage of ownership interests and voting interests in all non-controlling interests Dec. 31, 2020	Dec. 31, 2019
Lintes Technology Co., Ltd.	Taiwan	47.87%	47.87%

The aggregate financial information of the above subsidiaries is as follows. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) approved by the Financial Supervisory Commission (FSC), and the financial information represents amounts before the elimination of intercompany transactions:

1. Comprehensive financial information of Lintes Technology Co., Ltd.:

		Dec. 31, 2020	Dec. 31, 2019
Current assets	$	2,297,917	1,985,182
Non-current assets		503,237	165,502
Current liabilities		(954,458)	(649,878)
Non-current liabilities		(75,631)	(11,443)
Less: Non-controlling interests		128,484	-
Equity attributable to owners of Lintes Technology	$	1,642,581	1,489,363
Ending balance of non-controlling interest attributable to the Consolidated Company	$	795,973	714,874

		2020	2019
Operating income	$	2,404,160	2,245,138
Net income for the period			

Attributable to owners of Lintes Technology	$	**271,870**	**156,114**
Non-controlling interests attributable to Lintes Technology	$	**7,660**	**-**
Other comprehensive income			
Attributable to owners of Lintes Technology	$	**4,544**	**(6,122)**
Non-controlling interest attributable to Lintes Technology	$	**-**	**-**
Total comprehensive income			
Attributable to owners of Lintes Technology	$	**276,414**	**149,992**
Non-controlling interest attributable to Lintes Technology	$	**7,660**	**-**
Net income of the Consolidated Company for the period attributable to noncontrolling interests	$	**126,891**	**69,180**
Comprehensive income for the period attributable to noncontrolling interests	$	**130,604**	**65,759**

		2020	**2019**
Cash flows from operating activities	$	468,996	417,912
Cash flows from investing activities		(201,405)	(91,247)
Cash flows from financing activities		(307,339)	272,043
Effect of exchange rate changes		(535)	8,383
Increase (decrease) in cash and cash equivalents	$	**(40,283)**	**607,091**
Dividends paid to noncontrolling interests	$	**49,117**	**10,619**

(vii) Property, plant and equipment

The changes in the costs of the property, plant and equipment, losses on depreciation and impairment of the Consolidated Company are as follows:

	Land	Buildings	Machinery	Other	Construction in progress and equipment to be examined	Total
Cost or deemed cost:						
Balance on Jan. 1, 2020	$ 49,655	759,739	2,698,613	2,740,900	756,731	7,005,638
Addition	-	-	236,776	221,896	1,315,625	1,774,297
Prepayment for equipment transferred in	-	-	10,959	11,887	-	22,846
Merger acquisition	-	-	211,567	105,389	-	316,956
Completion of construction in progress and acceptance of equipment to be examined	-	-	-	759,336	(759,336)	-
Disposal	-	-	(232,957)	(607,611)	-	(840,568)
Reclassification to other non-current assets	-	-	-	-	(169)	(169)
Effect of change in exchange rate	(1,071)	9,674	26,339	44,055	21,725	100,722
Balance on Dec. 31, 2020	$ 48,584	769,413	2,951,297	3,275,852	1,334,576	8,379,722
Balance on Jan. 1, 2019	$ 76,980	804,451	2,680,672	2,430,461	498,134	6,490,698
Addition	-	870	182,269	346,673	877,347	1,407,159
Prepayment for equipment transferred in	-	-	650	18,035	-	18,685
Completion of construction in progress and acceptance of equipment to be examined	-	-	10,300	576,528	(586,828)	-
Disposal	-	-	(68,993)	(519,830)	-	(588,823)
Reclassified into investment property	(26,800)	(15,857)	-	-	-	(42,657)
Effect of change in exchange rate	(525)	(29,725)	(106,285)	(110,967)	(31,922)	(279,424)
Balance on Dec. 31, 2019	$ 49,655	759,739	2,698,613	2,740,900	756,731	7,005,638
Losses on depreciation and impairment:						
Balance on Jan. 1, 2020	$ -	266,518	1,595,925	1,628,481	-	3,490,924
Depreciation in the year	-	38,748	237,015	782,468	-	1,058,231
Merger acquisition	-	-	62,001	40,697	-	102,698
Disposal	-	-	(203,679)	(601,212)	-	(804,891)
Effect of change in exchange rate	-	4,449	9,272	23,065	-	36,786
Balance on Dec. 31, 2020	$ -	309,715	1,700,534	1,873,499	-	3,883,748
Balance on Jan. 1, 2019	$ -	241,559	1,455,245	1,443,734	-	3,140,538
Depreciation in the year	-	36,767	245,556	763,224	-	1,045,547
Disposal	-	-	(42,249)	(512,757)	-	(555,006)
Reclassified into investment property	-	(1,386)	-	-	-	(1,386)
Effect of change in exchange rate	-	(10,422)	(62,627)	(65,720)	-	(138,769)
Balance on Dec. 31, 2019	$ -	266,518	1,595,925	1,628,481	-	3,490,924
Book value:						
Balance on Dec. 31, 2020	$ 48,584	459,698	1,250,763	1,402,353	1,334,576	4,495,974
Balance on Dec. 31, 2019	$ 49,655	493,221	1,102,688	1,112,419	756,731	3,514,714

Subsidiary, Lotes Zhongshan Co., Ltd, acquired the land use rights for the construction of the new plant in 2017, and the acquisition cost was $183,934 thousand to list right-of-use assets in the account. As of 2020 and December 31, 2019, the accumulated expenditures (tax included) for the construction of the new plant were $787,873 thousand and $622,147 thousand respectively.

The subsidiary, Lotes Hengnan Co., Ltd. (Lotes Hengnan), acquired land use rights for the construction of a new factory in 2016 at a cost of $9,878 thousand, which was recorded as a right-to-use asset. As of December 31, 2020 and 2019, the accumulated expenditures (including tax) for the construction of new plants were $192,369 thousand and $54,149 thousand, respectively.

In April 2019, subsidiary, Lotes Zhongshan Co., Ltd, signed the pre-purchase contract and decoration contract with zhongshan Willie and real estate development co., LTD. and Tianjin Xinhongyuan building decoration engineering co., LTD., respectively. As of December 31, 2020, must pay the price of RMB 10.881 thousand and RMB 3.285 thousand respectively (account listed as other non-current assets), is expected to transfer the property in December 2021.

As of December 31, 2020, and December 31, 2019, real estate, plant and equipment were used as collateral for short-term loans and financing lines. Please refer to note 8 for details.

(viii) Right-of-use assets

The changes in the costs of the lease of lands, buildings, machinery and other equipment, losses on depreciation and impairment of the Consolidated Company are as follows:

	Land	Buildings	Machinery equipment	Other equipment	Total
Cost of the right-of-use assets:					
Balance on Jan. 1, 2020	$ 236,908	254,674	687	5,181	497,450
Increase	-	136,339	-	397	136,736
Decrease	-	(48,337)	(685)	(1,507)	(50,529)
Effect of change in exchange rate	3,782	5,011	(2)	60	8,851
Balance on Dec. 31, 2020	**$ 240,690**	**347,687**	**-**	**4,131**	**592,508**
Balance on Jan. 1, 2019	$ -	-	-	-	-
Effects of retrospective application of IFRS 16	246,746	235,843	243	5,396	488,228
Increase	-	35,288	474	-	35,762
Decrease	(9,838)	(16,457)	(30)	(215)	(26,540)
Balance on Dec. 31, 2019	**$ 236,908**	**254,674**	**687**	**5,181**	**497,450**
Losses on the depreciation and impairment of right-of-use assets:					
Balance on Jan. 1, 2020	$ 5,150	105,843	687	2,344	114,024
Depreciation in the year	5,135	117,728	-	1,658	124,521
Decrease	-	(48,186)	(685)	(1,507)	(50,378)
Effect of change in exchange rate	180	4,374	(2)	40	4,592
Balance on Dec. 31, 2020	**$ 10,465**	**179,759**	**-**	**2,535**	**192,759**
Balance on Jan. 1, 2019	$ -	-	-	-	-
Depreciation in the year	5,375	112,130	717	2,446	120,668
Other decrease	(225)	(6,287)	(30)	(102)	(6,644)
Balance on Dec. 31, 2019	**$ 5,150**	**105,843**	**687**	**2,344**	**114,024**

		Land	Buildings	Machinery equipment	Other equipment	Total
Book value:						
Dec. 31, 2020	$	230,225	167,928	-	1,596	399,749
Dec. 31, 2019	$	231,758	148,831	-	2,837	383,426

(ix) Investment property

The changes in the investment property of the Consolidated Company are as follows:

		Owned Assets		Right-of-use assets	
		Land	Buildings	Land	Total
Cost or deemed cost:					
Balance on Jan. 1, 2020	$	248,200	39,285	-	287,485
Increase		12,376	5,547	67,869	85,792
Effect of change in exchange rate		-	-	1,291	1,291
Balance on Dec. 31, 2020	$	260,576	44,832	69,160	374,568
Balance on Jan. 1, 2019	$	221,400	23,428	-	244,828
Transferred from property, plant and equipment		26,800	15,857	-	42,657
Balance on Dec. 31, 2019	$	248,200	39,285	-	287,485
Losses on depreciation and impairment:					
Balance on Jan. 1, 2020	$	-	4,483	-	4,483
Depreciation		-	998	1,048	2,046
Effect of change in exchange rate		-	-	20	20
Balance on Dec. 31, 2020	$	-	5,481	1,068	6,549
Balance on Jan. 1, 2019	$	-	2,333	-	2,333
Depreciation		-	764	-	764
Transferred from property, plant and equipment		-	1,386	-	1,386
Balance on Dec. 31, 2019	$	-	4,483	-	4,483
Book Value:					
Dec. 31, 2020	$	260,576	39,351	68,092	368,019
Jan. 1, 2019	$	221,400	21,095	-	242,495
Dec. 31, 2019	$	248,200	34,802	-	283,002
Fair value:					
Dec. 31, 2020					$ 467,325
Dec. 31, 2019					$ 322,604

As of December 31, 2020 and 2019, the Consolidated Company's investment properties were not pledged as security.

(x) Intangible assets

The changes in the cost and amortization of the intangible assets of the Consolidated Company are as follows:

		Computer software	Other	Total
Cost:				
Balance on Jan. 1, 2020	$	166,221	600	166,821
Separate acquisition		80,912	-	80,912
Merger acquisition		5,054	-	5,054
Derecognition		(412)	-	(412)
Effect of change in exchange rate		1,640	-	1,640
Balance on Dec. 31, 2020	$	253,415	600	254,015
Balance on Jan. 1, 2019	$	114,181	600	114,781
Separate acquisition		56,099	-	56,099
Derecognition		(590)	-	(590)
Effect of change in exchange rate		(3,469)	-	(3,469)
Balance on Dec. 31, 2019	$	166,221	600	166,821
Losses on amortization and impairment:				
Balance on Jan. 1, 2020	$	67,032	-	67,032
Amortization in the year		27,071	-	27,071
Merger acquisition		4,000	-	4,000
Derecognition		(412)	-	(412)
Effect of change in exchange rate		814	-	814
Balance on Dec. 31, 2020	$	98,505	-	98,505
Balance on Jan. 1, 2019	$	55,254	-	55,254
Amortization in the year		13,834	-	13,834
Derecognition		(590)	-	(590)
Effect of change in exchange rate		(1,466)	-	(1,466)
Balance on Dec. 31, 2019	$	67,032	-	67,032
Book value:				
Balance on Dec. 31, 2020	$	154,910	600	155,510
Balance on Dec. 31, 2019	$	99,189	600	99,789

The amortization expenses of the intangible assets of the Consolidated Company was recognized in the following items in the Consolidated Statement of Comprehensive Income:

		2020	2019
Operating cost	$	3,390	1,087
Operating expense	$	23,681	12,747

(xi) Other financial assets

The details of the other financial assets of the Consolidated Company are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Other financial assets - current		
Time deposits	$ 87,320	-
Other financial assets - non-current		
Time deposits	$ -	85,923

As of December 31, 2020 and 2019, none of the Consolidated Company's other financial assets had been pledged as security, please refer to Note VIII.

(xii) Short-term loans

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

	Dec. 31, 2020			
	Currency	Interest rate range	Maturity year	Amount
Bank loans - credit loans				$ -
Credit not yet used				$ 1,556,320

	Dec. 31, 2019			
	Currency	Interest rate range	Maturity year	Amount
Bank loans - credit loans	USD	2.54%	109	$ 29,980
Credit not yet used				$ 3,158,700

Please refer to Note VI (25) for more information on the Consolidated Company's exposure to interest rate and foreign currency risk, Note 8 for information of the Consolidated Company's assets pledged as collateral for short-term borrowings, and Note 9 for information of the Company's bank loans and financing facilities are pledged as guaranteed notes.

(xiii) Long-term loan

The breakdown of the Consolidated Company's long-term loans is as follows:

	Dec. 31, 2020
Bank Loans-Credit Loans (2023.7)	$ 974
Bank loans - Guaranteed loans (2022.5~2023.7)	23,022
Subtotal	23,996
Less: portion due within one year	5,335
Total	$ 18,661
Unutilized	$ 51,907
Interest Rate Range	1.31%~1.83%

The Consolidated Company pledged assets as collaterals for bank loans as described in Note 8.

(xiv) Lease liabilities

The book values of the lease liabilities of the Consolidated Company are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Current	$ 71,971	94,851
Non-current	$ 104,279	60,560

For the maturity analysis, please refer to Note VI (XXV).

The amounts recognized in the profit and loss are as follows:

	2020	2019
Interest expense for lease liabilities	$ 9,689	11,458
Income from the sublease of right-of-use assets	$ 12,523	14,593
Expenses for short-term leases	$ 1,738	2,443

The amounts recognized in the Statement of Cash Flows are as follows:

	2020	2019
Total cash outflow for leases	$ 125,601	135,734

1. Lease of land, premises and buildings

The Consolidated Company leases land, premises and buildings for plant, office space and staff quarters. The lease term of the plant and office space is usually one to ten years, and the lease term of the staff quarters is three to eight years. Part of the lease includes an option to extend the lease at the end of the lease term. In cases where it is not reasonably determined to exercise an optional extension of Lease term, the relevant benefits for the period covered by the option are not included in the Lease liabilities.

The Consolidated Company is a sublease of right-of-use assets by business lease.

2. Other leases

The leasing period of machines and other equipment leased by the Consolidated Company shall be two to six years. In addition, the Lease term of some Lease contracts of the Consolidated Company is one year, and these leases are short-term subject leases. The Consolidated Company chooses to apply the exemption of relevant right-of-use assets and lease liabilities.

(xv) Refund liabilities - current

	Dec. 31, 2020	Dec. 31, 2019
Refund liabilities - current	$ 161,767	157,256

The refund liabilities are mainly the prepayments to customers for the sales discount and defects of electronic components.

(xvi) Provisions

	Dec. 31, 2020	Dec. 31, 2019
Provisions - non-current		
Employee benefits	$ 49,258	41,729

Employee benefits are estimated under the Consolidated Company's defined benefit plan; please refer to Note VI (18) for details.

(xvii) Operating lease

The Consolidated Company leases out its investment properties, which are classified as operating leases because almost all the risks and rewards attributable to the ownership of the subject assets have not been transferred, as described in Note 6(ix) Investment properties.

The maturity analysis of lease payments to report the total undiscounted lease payments to be received in the future is presented in the following table.

	Dec. 31, 2020	Dec. 31, 2019
Within 1 year	$ 4,330	5,821
1-2 years	350	593
Total undiscounted lease payments	$ 4,680	6,414

The rental income from investment properties amounted to $4,727 thousand and $5,408 thousand for the years ended December 31, 2020 and 2019, respectively. The direct operating expenses (including maintenance) of the investment properties that generated rental income were $861 thousand and $875 thousand, respectively.

(xviii) Employee benefits

1. Defined benefit plans

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

	Dec. 31, 2020	Dec. 31, 2019
Present value of defined benefit obligations	$ 83,499	73,681
Fair value of plan assets	(34,241)	(31,952)
Net defined benefit liabilities	$ 49,258	41,729

The details of the employee benefits liability of the Consolidated Company are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Liabilities from paid leaves	$ 17,861	14,674

The defined benefit plan of the Company is contributed to special account of contribution for retirement of Bank of Taiwan. The retirement payment of each employee applicable to Labor Standards Law is calculated in accordance with the base obtained based on the length of service and the average salaries within six months before retirement.

(1) Composition of Plan Assets

The retirement fund contributed by the Consolidated under the Labor Standards Law shall be controlled by the Labor Funds Operation Bureau of the Ministry of Labor (hereinafter referred to as the Labor Funds Bureau), and under the provisions of Measures on the Management and Application of Labor Retirement Funds, the annual minimum return settled and distributed from the funds operation shall not be lower than the incomes calculated in accordance with the 2-year time certificate of deposit rate of the local banks.

As of the reporting date, the balance of the Company in the special account of contribution for retirement of Bank of Taiwan amounts to TWD 34,241,000 dollars. The data of the application of the labor retirement funds include funds yield and funds asset allocation, with details to be seen in the information released on the website of the Labor Funds Bureau.

(2) Changes in the present values of defined benefit obligations

Changes in the present values of defined obligations of the Company in 2020 and in 2019 are as follows:

	2020	2019
Defined benefit obligation on January 1	$ 73,681	72,724
Service cost and interest in the year	1,168	1,310
Remeasurement of net defined benefit liabilities (assets)	8,650	2,262
Benefit paid by the plan	-	(2,615)
Defined benefit obligation on December 31	**$ 83,499**	**73,681**

(3) Changes in the fair value of plan assets

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

	2020	2019
Fair value of plan assets on January 1	$ 31,952	32,202
Interest income	238	319
Remeasurement of net defined benefit liabilities (assets)	1,052	1,114
Amount contributed to the plan	999	932
Benefit paid by the plan	-	(2,615)
Fair value of plan assets on December 31	**$ 34,241**	**31,952**

(4) Expenses recognized in profit or loss

The expenses of the Company recognized in profit or loss in 2019 and in 2018 are as follows:

	2020	2019
Service cost in the year	$ 621	590
Net interest of net defined benefit liabilities	309	401
	$ 930	**991**
Operating cost	$ 115	117
Promotion Expenses	290	277
Administration Expenses	337	356
R&D expenses	188	241
	$ 930	**991**

(5) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

Remeasurement of the accumulated net defined benefit liabilities (assets) of the Company recognized in other comprehensive income in 2020 and in 2019 are as follows:

		2020	2019
Accumulated balance on January 1	$	1,895	3,043
Amount recognized in this period		(7,598)	(1,148)
Accumulated balance on December 31	$	(5,703)	1,895

(6) Actuarial assumptions

The material actuarial assumptions used by the Company to determine the present value if defined benefit obligations at the end of the reporting period are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Discount rate	0.35%	0.75%
Increase in future salary	2.00%	2.00%

The amount of appropriation for defined benefit plans within 1 year after the reporting date for the year ended on Dec. 31, 2020 is 1,038,000 TWD.

The weighted average duration of defined benefit plans is 11 years.

(7) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted on Dec. 31, 2020 and 2019 on the present value of defined benefit obligations are as follows:

		Effects on defined benefit obligations	
		Increased by 0.25%	Decreased by 0.25%
Dec. 31, 2020			
Discount rate	$	(2,278)	2,367
Increase in future salary		2,322	(2,247)
Dec. 31, 2019			
Discount rate		(2,069)	2,151
Increase in future salary		2,119	(2,049)

The sensitivity analysis above was based on the analysis of the effects of changes in a single hypothesis with other assumptions unchanged. Changes in many assumptions in practice may be interlinked. Sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

The methodology and assumptions used in the sensitivity analysis are the same.

2. Defined Contribution Plan

As to the defined contribution plan, the Consolidated Company shall contribute the retirement funds of employees to the individual accounts for labor retirement funds of the Bureau of Labor Insurance according to 6% of the monthly salaries of labors under the provisions of Labor Pension Act. Under this plan, after contributing fixed amount to the Bureau of Labor Insurance, the Consolidated Company will not assume the legal or constructive obligations of paying extra amount.

The pension expense under the defined contribution retirement funds of the Company in the year of 2020 and 2019 are TWD 12,635,000 and TWD 9,032,000 respectively, which have been contributed to the Bureau of Labor Insurance.

In accordance with the pension insurance system established by the government of the People's Republic of China, the subsidiaries in Mainland China make monthly contributions to employees' pension insurance based on a certain percentage of their salaries and wages. The monthly pension plan is administered and arranged by the government, and the above-mentioned company has no further obligation other than to make monthly contributions. The related pension expense for the years ended December 31, 2020 and 2019 were $137,267,000 dollars and $195,676,000 dollars respectively.

(xix) Income tax

1. The details of the income tax expense of the Consolidated Company are as follows:

		2020	2019
Income tax expense in the year			
Income tax generated in the year	$	824,517	704,790
Surtax on undistributed retained earnings		23,276	27,468
Adjustment of the income tax in the previous year		(47,498)	(17,187)
		800,295	715,071
Deferred income tax expense			
Other deferred income tax expense (benefit)		34,118	(27,778)
Income tax expense	**$**	**834,413**	**687,293**

The details of income tax expense (benefit) recognized in the other comprehensive income in 2020 and 2019 are as follows:

		2020	2019
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan	**$**	**(1,520)**	**(230)**
Items that may be reclassified subsequently to profit or loss.			
Exchange differences on translation of financial statements of foreign operating entities	**$**	**(1,733)**	**-**

The reconciliation between the income tax expense (benefit) and net profit before tax of the Consolidated Company in 2020 and 2019 is as follows:

		2020	2019
Net profit before tax	$	3,670,002	2,831,761
Income tax calculated based on the tax rate of the place where the Company located		1,108,837	895,013
Adjustments in accordance with tax laws in different countries and regions		(250,202)	(218,245)
Underestimate (overestimate) in the previous year		(47,498)	(17,187)
Surtax on undistributed retained earnings		23,276	27,468
Income basic tax		-	244
Total	**$**	**834,413**	**687,293**

Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The item not recognized as deferred income tax assets by the Consolidated Company is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Tax loss	$ 15,429	15,315

The loss due to taxation is subject to the income tax law, and the net profit of the ten years before the loss is deducted by the tax collection authority. These items are not recognized as deferred income tax assets because it is not likely that the Consolidated Company will have sufficient tax offices for such temporary differences in the future.

Subsidiary Ememe Robot Co., Ltd., in accordance with the provisions of the income tax law, the losses of the previous ten years can be deducted from the net profits of the current year after being verified by the tax collection authority, and the income tax shall be verified again. As of December 31, 2020, the Consolidated Company had not yet recognized a loss of tax on its deferred income tax assets. The period of deduction is as follows:

Ememe Robot Co., Ltd.:

Losses occurred in	Losses to be deducted	The last year for the deduction to be conducted
2011 (approved)	$ 9,714	2021
2012 (approved)	14,184	2022
2013 (approved)	14,550	2023
2014 (approved)	6,246	2024
2015 (approved)	8,951	2025
2016 (approved)	10,166	2026
2017 (approved)	6,828	2027
2018 (approved)	3,237	2028
2019 (applied)	2,609	2029
2020 (estimated)	660	2030
	$ 77,145	

(2) Recognized deferred income tax assets

		Dec. 31, 2020	**Dec. 31, 2019**
Losses from inventory price drop and obsolescence	$	29,513	20,587
Unappropriated pension expenses		478	492
Losses from the price drop of fixed assets and idle assets		44	44
Refund liabilities		43,368	43,772
Unrealized foreign exchange losses		1,049	15,423
Estimated expenses payable		39,927	35,246
Remeasurement of defined benefit plan		9,757	8,238
Bad debt expense		663	123
Exchange differences on translation of financial statements of foreign operating companies		1,733	-
Employee Benefits		612	-
Deferred income tax assets	$	127,144	123,925

(3) Deferred income tax liabilities recognized

		Dec. 31, 2020	Dec. 31, 2019
Unrealized exchange gain	$	1,176	-
Investment income recognized by the equity method		23,789	-
Gain on bargain purchase		2,089	-
Deferred income tax liabilities	$	27,054	-

2. Income Tax Approval

The approval on the filing of final income tax return of the Company has lasted till the year 2017 as required by the taxing authority.

Jiayu Investment Co., Ltd., a domestic subsidiary of the Company, has been approved for its income tax in 2019, and Ememe Robot Co. Ltd. have been approved for its income tax in 2018.

(xx) Capital and Other Equity

As of December 31, 2020 and 2019, the total authorized share capital of the Company was $1,550,000,000 with a par value of $10 per share, and the actual amount issued was $1,034,779,000 dollars.

On August 9,2018 and November 19, 2018, the Company's Board of Directors resolved to issue 10,000,000 new shares with a par value of $10 per share and an issue price of $140 per share by cash capital increase, with January 10, 2019 as the base date for the capital increase. This capital increase has been approved by the Financial Supervisory Commission and the statutory registration process was completed on January 23, 2019.

1. Capital reserve

The components of the Company's capital reserve are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Premium of issued shares	$ 3,577,768	3,577,768
Change in the net value of the stock of subsidiaries and associates accounted for using the equity method	365,080	366,393
Employee stock options	15,399	15,399
	$ 3,958,247	**3,959,560**

In accordance with the Companies Act, capital surplus is required to cover losses first before new shares or cash can be issued in proportion to the shareholders' original shares. Realized capital surplus referred to in the preceding paragraph includes premiums from the issuance of shares in excess of par value and proceeds from gifts received. In accordance with the Regulations Governing the Issuer's Offerings and Issuance of Marketable Securities, the aggregate amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

2. Retained earnings

In accordance with the Company's Articles of Incorporation, the Company shall, after the final settlement of each year's earnings, first complete tax contributions, make up for prior years' deficits and set aside 10% as legal reserve, except when the legal reserve has reached the level of total capital; the Company is required by law to set aside or reverse special reserve. In the case of unappropriated earnings for the same period, the Board of Directors shall propose a proposal for the distribution of earnings to the shareholders for resolution, and the dividend to be distributed shall not be less than 20% of the net profit for the year after taxation, after deducting the net income provided for by law.

The Company will take into account the environment and growth of the Company and the distribution of earnings should take into account the Company's future capital expenditure budget and capital requirements, and pay cash dividends of not less than 10% of the dividends distributed in the current year.

(1) Legal reserve

If the Company has no deficit, it may, by resolution of the shareholders in general meeting, issue new shares or cash out of the legal reserve to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

When the Company distributes distributable earnings, the Company accounts for other shareholders' equity in the current year and provides a special reserve of the same amount from current period's profit or loss as the prior period's undistributed earnings, and a special reserve of the same amount from prior period's undistributed earnings is not distributed. If there is a subsequent reversal in the amount of other decreases in shareholders' equity, the reversal may be distributed in the form of a surplus.

(3) Earnings distribution

On June 19, 2020 and June 14, 2019, the Company's shareholders resolved to distribute earnings for the years 2019 and 2018, respectively, as follows:

	2019			2018	
	Payout ratio (NTD)		Amount	Payout ratio (NTD)	Amount
Distributed to the holders of ordinary shares:					
Cash	$	10.50	1,086,518	8.70	900,258

On March 24, 2021, the Company's Board of Directors proposed a distribution of earnings for the year 2020, and the amount of dividends distributed to owners was as follows:

	2020		
	Payout ratio (NTD)		Amount
Distributed to the holders of ordinary shares:			
Cash	$	13.30	1,376,256

On March 25, 2020, the Company's Board of Directors proposed a distribution of earnings for the year e2019, and the amount of dividends distributed to owners was as follows:

3. Other equity

	Exchange difference between foreign operating office's statement		Unrealized gain or loss on Financial assets measured at FVTOCI	Total
Balance on Jan. 1, 2020	$	(631,970)	(18,562)	(650,532)
Exchange differences arising from the translation of the net assets of foreign operations		45,017	-	45,017
Unrealized gain on financial assets measured at fair value through other comprehensive income or loss		-	403	403
Disposal of equity instruments measured at fair value through other comprehensive income or loss		-	10,140	10,140
Balance on Dec. 31, 2020	$	(586,953)	(8,019)	(594,972)
Balance on Jan. 1, 2019	$	(314,561)	(2,459)	(317,020)
Exchange differences arising from the translation of the net assets of foreign operations		(317,409)	-	(317,409)
Unrealized losses from financial assets measured at FVTOCI		-	(16,103)	(16,103)
Balance on Dec. 31, 2019	$	(631,970)	(18,562)	(650,532)

(xxi) Share-based payment

The following share-based payment transactions were performed by the Consolidated Company:

	Cash capital increase reserved for employees to subscribe	
	Genie Precision Machining	Lintes Technology
Date of offering	July 23, 2020	Nov. 28, 2019
Amount offered	1,500,000 shares	436,000 shares
Target of offering	Current employees of subsidiaries	Current employees of subsidiaries
Vesting condition	Immediate vesting	Immediate vesting

Genie Precision Machining Co., Ltd. estimated the fair value of the above cash capital increase stock option to be $15.87 and recognized the cost of share-based payment compensation of employees from the cash capital increase stock option to be $7,795,000 dollars in 2020.

Lintes Technology Co., Ltd. estimated the fair value of the above cash capital increase stock option to be $10.8 and recognized the cost of share-based payment compensation of employees from the cash capital increase stock option to be $4,709,000 dollars in 2019.

(xxii) Earnings per share

The basic earnings per share and diluted earnings per share of the Consolidated Company were calculated as follows:

	2020	2019
Net profit attributable to the Company in the year	$ 2,732,361	2,076,043
Weighted average shares outstanding (1,000 shares)	103,478	103,231
Dilutive potential ordinary shares		
Compensation of employees	272	278
	103,750	103,509
Basic earnings per share	$ 26.41	20.11
Diluted earnings per share	$ 26.34	20.06

(xxiii) Revenue from contracts with customers

1. Please refer to Note XIV (III) and (IV) for the disclosure of disaggregation of revenue for the major products and major regional markets.
2. Balance of Contract

	Dec. 31, 2020	Dec. 31, 2019
Contract liabilities	$ 91,659	19,947

The amounts of beginning balances of contract liabilities as of Jan. 1, 2020 and Jan. 1, 2019 were respectively recognized as income of 18,642,000 TWD and 5,825,000 TWD for the year ended on Dec. 31, 2019 and 2018.

(xxiv) Non-operating income and expense

1. Interest income

The details of interest income of the Consolidated Company are as follows:

		2020	2019
Bank Deposit Interest	$	28,789	32,820

2. Other income

The details of other income of the Consolidated Company are as follows:

		2020	2019
Income from cash dividends	$	1,341	875
Income from molding		52,604	42,802
Compensation from suppliers		12,579	10,143
Income from rentals		37,708	28,065
Income from the sales of developed products		4,516	7,131
Income from subsidies		39,806	27,845
Others		65,713	62,359
	$	214,267	179,220

3. Other income and losses

The details of other income and losses of the Consolidated Company are as follows:

		2020	2019
Foreign exchange gain (loss)	$	(308,515)	(58,026)
Net profit or loss from the financial assets (liabilities) measured at FVTPL			
Derivative Commodities.			
Forward Foreign Exchange Contracts		11,644	(1,921)
Metal commodity swap contracts		4,346	-
Non-Derivative Commodities		39,063	7,267
(Profits) Losses from the disposal of Property, plant and equipment		2,446	(27,655)
Other		(25,453)	(25,450)
Total	$	(276,469)	(105,785)

4. Financial cost

The details of the financial cost of the Consolidated Company are as follows:

		2020	2019
Interest expense	$	18,609	22,711

(xxv) Remuneration for employees and directors, supervisors

In accordance with the Company's Articles of Incorporation, no less than 3% of the Company's annual profits shall be appropriated to the Compensation of Employees and no more than 3% to the Compensation of Directors and Supervisors; however, if the Company has accumulated losses, it shall retain the amount of compensation in advance and appropriate the Compensation of Employees and Supervisors in proportion to the aforementioned. The former Compensation of employees to whom stock or cash is issued may include employees of a subordinate company who meet certain criteria.

The estimated amount of compensation of employees for the years ended December 31, 2020 and 2019 was $97,235,000 dollars and $73,054,000 dollars respectively, and the estimated amount of compensation to directors and supervisors was $4,480,000 dollars. The Company's Net profit before tax for the period is estimated by multiplying the amount of the Company's Net profit before issuing the compensation of employees and directors and supervisors by the proportion of the Company's compensation distribution to employees and directors and supervisors as provided in the Company's Articles of Incorporation, and is reported as operating costs or expenses for that period. If there is a difference between the actual distribution amount and the estimated amount for the following year, the change in accounting estimate is adjusted and the difference is recognized in profit or loss for the following year. In the event that the Board of Directors resolves to grant a compensation of employees by way of stock, the number of shares of stock-based compensation is calculated based on the closing price of the common stock on the day before the Board of Directors' resolution.

The difference of $46 thousand between the actual allotment of employees', directors' and supervisors' remuneration in 2019 and the estimated amount in the consolidated financial statements for the year ended December 31, 2019 has been treated as a change in accounting estimate and recognized as profit or loss for the year ended December 31, 2020. There was no difference between the amount approved by the board of directors for employees' and directors' and supervisors' remuneration and the amount estimated in the consolidated financial statements for the year ended December 31, 2020. The related information is available on the Market Observation Post System (MOPS).

(xxvi) Financial instruments and fair value information

1. Credit risk

(1) Credit risk exposure

The carrying amount of a financial asset represents the maximum amount of credit risk. The maximum amount of credit risk exposure was $10,286,606,000 dollars and $9,330,916,000 dollars as of December 31, 2020 and 2019 respectively.

(2) Credit risk concentration risk

The customers of the Consolidated Company are concentrated in the high-tech computer industry. In order to reduce the credit risk of accounts receivable, the Consolidated Company continuously evaluates the financial position of the customers and adjusts the transaction terms if necessary. The Consolidated Company on December 31, 2020, and in 2019, a single customer is more than 5% of the total accounts receivable, accounts receivable balance for 4 and 5 different customers, the Consolidated Company regularly assesses the possibility of accounts receivable collection and allowance for loss, and the total loss of total within the authorities expected.

(3) Impairment loss

The Consolidated Company for all notes receivable and accounts receivable adopts simplified approach to estimate the expected credit losses, i.e. using the term forecast credit losses measure, measure for this purpose, such as the notes receivable and accounts receivable department press on behalf of clients according to the terms of the contract to pay all amount due ability of credit risk characteristics shall be grouped together, and has set up into a forward-looking information. The expected credit loss analysis of notes receivable and accounts receivable of the Consolidated Company is as follows:

	Dec. 31, 2020		
	Book value of notes and accounts receivable	**Weighted average expected credit loss rate**	**Expected credit loss in the duration of provision**
Not past due	$ 6,413,813	0.01%	750
1-30 days past due	363,005	0.47%	1,698
31-60 days past due	116,197	1.71%	1,992
61-120 days past due	5,698	10.04%	572
121-180 days past due	1,771	27.61%	489
181-270 days past due	2	50.00%	1
More than 271 days past due	6,547	100.00%	6,547
	$ 6,907,033		12,049

	Dec. 31, 2019		
	Book value of notes and accounts receivable	**Weighted average expected credit loss rate**	**Expected credit loss in the duration of provision**
Not past due	$ 5,558,158	0.02%	983
1-30 days past due	328,542	0.39%	1,327
31-60 days past due	79,760	0.67%	538
61-120 days past due	614	5.21%	32
121-180 days past due	381	13.91%	53
181-270 days past due	-	50.00%	-
271-365 days past due	50	94.00%	47
More than 365 days past due	5,612	100.00%	5,612
	$ 5,973,117		8,592

The changes in the provisions for notes and accounts receivable of the Consolidated Company are as follows:

	2020	2019
Opening balance	$ 8,592	8,565
Corporate Mergers and Acquisitions	3,214	-
Recognized impairment loss	2,845	460
Write-off in the period	(2,472)	(280)
Effects of exchange rate	(130)	(153)
Closing balance	**$ 12,049**	**8,592**

2. Liquidity risk

The contracts of financial liabilities are sorted by their maturity dates as follows. The estimated interests are included, but the effect of net value agreement is excluded.

	Book Value	Contract Cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Dec. 31, 2020							
Non-derivative financial liabilities:							
Long-term loans (including long-term loans due within one year or one business cycle)	$ 23,996	24,680	2,303	3,318	6,973	12,086	-
Notes payable	3,574	3,574	3,574	-	-	-	-
Accounts payable	2,501,155	2,501,155	2,501,155	-	-	-	-
Other payables	1,206,695	1,206,695	1,206,695	-	-	-	-
Lease liabilities	176,250	193,213	49,038	30,274	43,091	70,810	-
	$ 3,911,670	**3,929,317**	**3,762,765**	**33,592**	**50,064**	**82,896**	**-**
Dec. 31, 2019							
Non-derivative financial liabilities:							
Short-term loans	$ 29,980	30,172	30,172	-	-	-	-
Notes payable	19,000	19,000	19,000	-	-	-	-
Accounts payable	1,885,062	1,885,062	1,885,062	-	-	-	-
Other payables	964,415	964,415	964,415	-	-	-	-
Lease liabilities	155,411	165,242	54,559	46,417	41,233	23,033	-
Derivative financial liabilities:							
	$ 3,053,868	**3,063,891**	**2,953,208**	**46,417**	**41,233**	**23,033**	**-**

The Consolidated Company does not anticipate that the cash flows analyzed at maturity date will alter significantly or that the actual amounts will vary significantly.

3. Market risk - exchange rate risk

(1) Exposure to exchange rate risk

The Consolidated Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	Dec. 31, 2020		
	Foreign Currency (Note)	**Rate**	**NTD**
Financial assets			
Currency			
USD	$ 364,728	28.4800	11,831,263
RMB	177,119	4.3648	773,189
HKD	7,601	3.6730	27,918
JPY	134,465	0.2763	37,153
EURO	1,105	35.0200	38,696
MOP	4	0.4791	2
VND	3,662,009	0.0012	4,394
Financial assets			
Currency			
USD	$ 200,582	28.4800	6,179,073
RMB	10,899	4.3648	308,691
HKD	2,778	3.6730	10,202
JPY	75,180	0.2763	20,772
EURO	33	35.0200	1,157

	Dec. 31, 2019		
	Foreign Currency (Note)	**Rate**	**NTD**
Financial assets			
Currency			
USD	$ 387,757	29.9800	11,624,983
RMB	173,383	4.2975	744,979
HKD	7,250	3.8490	27,904
JPY	83,529	0.2760	23,054
EURO	2,394	33.5900	80,425
MOP	4	0.4791	2
VND	17,980	0.0012	22
Financial assets			
Currency			
USD	$ 222,319	29.9800	6,665,126
RMB	37	4.2975	160
HKD	2,025	3.8490	7,793
JPY	23,878	0.2760	6,590
EURO	46	33.5900	1,531
MOP	1	3.8490	3
VND	14,361	0.0012	17

Note: The foreign currencies denominated in the non-functional currencies of the consolidated entities include items that have been eliminated in the consolidated financial statements for inter-group transactions.

Because the Consolidated Company has a wide range of functional currencies, it has adopted a consolidated approach to disclose exchange gain or loss on monetary items, with foreign currency exchange losses (realized and unrealized) of $308,515,000 dollars and $58,026,000 dollars for the years ended 2020 and 2019 respectively.

(2) Sensitivity analysis

The Consolidated Company's exchange rate risk primarily comes from foreign currency-denominated cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables, resulting into gains and losses of conversion of foreign currency when exchanging. As of December 31, 2020 and 2019, if TWD had depreciated or appreciated by 1% relative to foreign currencies held by the Company and all other factors remained constant, net income would have increased or decreased by $49,542,000 dollars and $46,561,000 dollars respectively for 2020 and 2019. The same basis is used for both phases of analysis.

4. Market risk - changes in interest rates

The interest rate risk of the Consolidated Company mainly comes from the bank deposit and short-term loan of floating rate, so the interest rate change will cause the effective interest rate of bank deposit and short-term loan to change accordingly, and the future cash flow will fluctuate.

The following sensitivity analysis is based on the risk of interest rate shocks reported by financial instruments on the date of coverage. For floating rate liabilities, the analysis is based on the assumption that the reported amount of daily outstanding liabilities is current throughout the year. The rate of change used by the Consolidated Company in reporting interest rates to the main management is 1% up or down, which represents the management's assessment of the reasonable range of possible interest rate changes.

The Consolidated Company's financial assets with variable interest rates at December 31, 2020 and 2019 were $2,262,409,000 dollars and $1,882,046,000 dollars respectively, and its financial liabilities were $0 and $919,643,000 dollars respectively. If interest rates had increased or decreased by 1%, the Consolidated Company's net income would have increased or decreased by $17,907,000 dollars and by $15,056,000 dollars for 2020 and 2019, respectively, with all other variables held constant.

5. Market risk - fair value

(1) Fair value and carrying amount

The management of the Consolidated Company believes that non-derivative short-term financial instruments should be estimated at their fair value based on their book value on the balance sheet, and that their book value should be a reasonable basis for the estimated fair value because of the near maturity of such commodities. This method is applied to cash and equivalent cash, notes receivable and payable, accounts receivable and payable, other receivables and payables, deposit margin and short-term borrowings.

In addition to the above financial instruments, the fair value and book value information of the remaining financial instruments and investment real estate of the Consolidated Company on the financial reporting date are as follows:

	Dec. 31, 2020		**Dec. 31, 2019**	
	Book Value	**Fair value**	**Book Value**	**Fair value**
The parts measured at fair value:				
Financial assets:				
Financial assets measured at FVTPL - current	$ 122,960	122,960	240,034	240,034
Financial assets measured at FVTOCI - current	22,136	22,136	6,438	6,438
Financial liabilities				
Not measured at fair value:				
Non-financial assets:				
Investment property	368,019	467,325	283,002	322,604

(2) The evaluation techniques used to determine fair value are as follows

A. When financial assets are quoted publicly in an active market, this market price is the fair value. When market prices are not available, estimates are made by reference to quoted counterparties or using valuation techniques. The estimates and assumptions used are consistent with the information used by market participants as estimates and assumptions in pricing financial instruments.

B. The fair value of investment properties is based on the evaluations of independent evaluators with recognized professional qualifications and recent experience in the area and type of investment properties evaluated.

(3) Fair value hierarchy

The following table analyzes the fair value hierarchy of financial instruments and investment property by valuation. Each fair value hierarchy is defined as follows:

A. Level 1: Publicly quoted prices (unadjusted) in an active market for identical assets or liabilities.

B. Level 2: Input parameters for an asset or liability are observable either directly (i.e., prices) or indirectly (i.e., derived from prices), except for publicly quoted prices included in Level 1.

C. Level 3: Input parameters for an asset or liability are not based on observable market information (non-observable parameters).

	Level 1	Level 2	Level 3	Total
Dec. 31, 2020				
The parts measured at fair value:				
Financial assets measured at FVTPL	$ 116,780	-	6,180	122,960
Financial assets measured at FVTOCI	20,120	-	2,016	22,136
	$ 136,900	-	8,196	145,096
Not measured at fair value:				
Investment property	$ -	-	467,325	467,325
Dec. 31, 2019				
The parts measured at fair value:				
Financial assets measured at FVTPL	$ 20,931	-	219,103	240,034
Financial assets measured at FVTOCI	-	-	6,438	6,438
	$ 20,931	-	225,541	246,472
Not measured at fair value:				
Investment property	$ -	-	322,604	322,604

(4) Table of details of the changes in financial assets (liabilities) measured at fair value and classified into level 3

Unit: NT$ thousands

	2020						
		Profit and Losses		Increase		Decrease	
Name	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Purchase	Transferred to level 3	Sales, disposal or clearing	Closing balance
Financial assets measured at FVTPL	$ -	6,180	-	-	-	-	6,180
Financial assets measured at FVTOCI	6,438	-	438	-	-	(4,860)	2,016
	$ 6,438	6,180	438	-	-	(4,860)	8,196

	2019						
		Profit and Losses		Increase		Decrease	
Name	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Purchase	Transferred to level 3	Sales, disposal or clearing	Closing balance
Financial assets measured at FVTPL	$ 71,603	(9,461)	-	313,922	-	(156,961)	219,103
Financial assets measured at FVTOCI	12,541	-	(16,103)	-	10,000	-	6,438
	$ 84,144	(9,461)	(16,103)	313,922	10,000	(156,961)	225,541

The above included gains and losses are reported in "Other gains and losses", which relate to assets still held as of December 31, 2020 and 2019 as follows.

	2020	2019
Recognized as (loss) income	$ 6,180	411

(5) Quantitative information on the fair value measurement of significant non-observable input values (level 3)

The Consolidated Company through the profit and loss of fair value as the third level measured at the fair value of financial assets at December 31, 2020 and 2019, are respectively $6,180 thousand and $219,103 thousand, because there was no active market public offer reference and counterparties, and because in practice, it can't fully grasp the major unobservable input value and the fair value of the relationship, so it did not reveal the quantitative information. The quantitative information list of the other significant unobservable input values measured at fair value at third level is as follows:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at FVTOCI－investment in equity instruments with no active market	Comparable Company Analysis	·The multiple of book-to-Market ratio : 0.74~0.80 as of Dec. 31, 2019 ·Discount for lack of marketability: 14.8%~16.8% as of Dec. 31, 2020 and Dec. 31, 2019	·The higher the multiple, the higher the fair value ·The higher the discount for lack of marketability, the lower the fair value
"	Net asset value method	·Net asset value	·Positive correlation with fair value

(6) The fair value is classified in the third level of the evaluation process

The fair value of the Consolidated Company is measured using the unobservable input value, which is classified as the third level. The input value of this level is based on the price provided by the counterparty quotation or the price-to-market ratio multiplier of the market comparable company, etc., and relevant quotation and evaluation data are properly kept. The evaluation results are then checked to ensure consistency with the evaluation sources and to ensure that the evaluation results are reasonable.

(7) The fair value measurement of the third level and the sensitivity analysis of the fair value to the reasonable alternative hypothesis

The fair value measurement of financial instruments by the Consolidated Company is reasonable, but different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as level 3, if the evaluation parameters change, the impact on current profits and losses or other comprehensive income is as follows:

	Input	Rise or Drop	The change of fair value reflected in the profit or loss in the period		The change of fair value reflected in other comprehensive income	
			Favorable change	**Adverse change**	**Favorable change**	**Adverse change**
Dec. 31, 2019						
Financial assets measured at FVTOCI						
investment in equity instruments with no active market	The multiple of book-to-Market ratio	5%	-	-	171	(178)
	Discount for lack of marketability	1%	-	-	51	(58)

Favorable and unfavorable changes in the Consolidated Company's fair value represent fluctuations in fair value, which is calculated by using a valuation technique based on unobservable input parameters of varying degrees. Where the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of changes in a single input and does not take into account correlation and variability between inputs.

(xxvii) Financial Risk Management

1. The Consolidated Company is exposed to the following risks from the engagment of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note presents the Consolidated Company's risk information for each of these risks and the Consolidated Company's objectives, policies and procedures for measuring and managing risk. For further quantitative disclosures, please refer to the respective notes to the consolidated financial statements.

2. Risk Management Structure

The Chairman has the sole responsibility for establishing and overseeing the Consolidated Company's risk management structure and reports regularly to the Board on its operations.

The Consolidated Company's risk management policy is designed to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor compliance with the risks and risk limits. The Consolidated Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures to enable all employees to understand their roles and responsibilities.

The Board of Directors of the Consolidated Company oversees how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the appropriateness of the Consolidated Company's risk management framework in relation to the risks it is exposed to. Internal auditors assist the Consolidated Company's Board of Directors in its oversight role. These personnel conduct regular and exceptional reviews of risk management controls and procedures and report the results of these reviews to the Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss arising from the failure of the Consolidated Company's customers or counterparties to fulfill their contractual obligations, mainly from the Company's accounts receivable from customers and investments in securities.

(1) Accounts receivable及Other receivables

The Consolidated Company's credit risk exposures are primarily depended on each customer's individual circumstances. However, management also considers statistical information about the Consolidated Company's customer base, including the risk of default in the customer's industry and country, as these factors may affect credit risk. Approximately 80% and 78`% of the Consolidated Company's revenue for 2020 and 2019, respectively, were derived from sales to customers in Mainland China, which resulted in a significant concentration of regional credit risk.

The Consolidated Company has established a credit policy whereby the Consolidated Company is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms. Credit sales limits are established on an individual customer basis and are reviewed periodically; customers who do not meet the Group's benchmark credit rating may only transact business with the Consolidated Company on a pre-collection basis.

In monitoring customers' credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entities, age of accounts, maturity dates and pre-existing financial difficulties. The Consolidated Company maintains a Provisions account to reflect estimates of losses on accounts receivable and other receivables.

(2) Use of funds

The Consolidated Company's investments in equity securities are placed through a centralized trading market and therefore have no significant credit transaction risk.

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and reported to the Chairman of the Board of Directors by the Consolidated Company's finance department. Since the Consolidated Company's counterparties are creditworthy banks and financial institutions with investment grade or above, there are no significant performance concerns and therefore no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the Consolidated Company will not be able to deliver cash or other financial assets to settle its financial liabilities and will not be able to meet its related obligations. The Consolidated Company's approach to manage liquidity risk is to ensure that the Consolidated Company has sufficient liquidity to meet its liabilities as they fall due under normal and stressful circumstances and that there is no risk of unacceptable loss or damage to the Consolidated Company's reputation. In addition, the Company has entered into unused borrowing lines totaling $1,556,320,000 in 2020 to cover unanticipated payments.

5. Market risk

Market risk is the risk that changes in market prices, such as changes in exchange rates, interest rates, and prices of equity instruments, will affect the Consolidated Company's revenue or the value of financial instruments held by the Consolidated Company. The objective of market risk management is to manage the exposure to market risk to an acceptable level and to optimize investment returns.

The Consolidated Company engages in derivative transactions in order to manage market risk. All transactions are executed in accordance with the guidelines of the Board of Directors.

(1) Exchange rate risk

The Consolidated Company uses derivative transactions to hedge exchange rate risk due to its exposure to exchange rate risk arising from sales and purchase transactions that are not denominated in the Consolidated Company's functional currency. Gains or losses on foreign currency assets and liabilities arising from changes in exchange rates are largely offset against natural hedges. Derivative transactions can help the Consolidated Company reduce, but still not completely eliminate, the impact of changes in foreign currency exchange rates.

The Consolidated Company periodically reviews individual foreign currency assets and liabilities for exposures and hedges against such exposures.

(2) Interest rate risk

The Consolidated Company's interest rate risk arises primarily from variable rate bank deposits and short-term borrowings, and changes in interest rates will cause future cash flows to fluctuate as the effective interest rates on bank deposits and short-term borrowings change.

(3) Equity instrument price risk

Changes in the price of equity securities at the reporting date (on the same basis for both periods and assuming no change in other factors) would have the following effects on the consolidated income statement:

	2020		2019	
Security price as of the reporting date	Other comprehensive income after tax	Profit after tax	Other comprehensive income after tax	Profit after tax
Increased by 1%	$ 221	1,168	64	209
Decreased by 1%	$ (221)	(1,168)	(64)	(209)

(xxviii) Capital management

It is the Board's policy to maintain a sound capital base to maintain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Consolidated Company’s share capital, capital surplus and retained earnings. The Board of Directors controls the rate of return on capital and also controls the level of dividends on ordinary shares.

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

The Consolidated Company controls its capital on a debt-to-capital ratio basis. The ratio is calculated by dividing net debt by total capital. Net debt is total liabilities less cash and cash equivalents as shown on the balance sheet. Total capital represents all components of equity (i.e., equity, capital surplus, retained earnings and other equity) plus net debt. The debt-to-capital ratio at the reporting date is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Total liabilities	$ 4,803,336	3,734,967
Less: Cash and cash equivalents	(2,949,412)	(2,845,994)
Net liabilities	$ 1,853,924	888,973
Total equity	$ 14,479,559	12,545,225
Debt-to-capital ratio	11.35%	6.62%

(xxix) Investment and fund-raising activities for non-cash transactions

Please refer to Notes VI (8) and VI (14) for information on the Consolidated Company's non-cash trading investments and fundraising activities for Right-of-use assets acquired under leases during 2020 and 2019.

The reconciliation of the Consolidated Company's liabilities from fundraising activities for the years ended December 31, 2020 and 2019 was as follows:

	Jan. 1, 2020	Cash flow	Non-cash change: Other	Non-cash change: Change in exchange rate	Non-cash change: Change in fair value	Dec. 31, 2020
Short-term loan	$ 29,980	(67,145)	36,680	485	-	-
Long-term loans (including long-term loans due within one year or one business cycle)	-	(105,548)	129,544	-	-	23,996
Lease liabilities	155,411	(116,630)	135,013	2,456	-	176,250
Total liabilities from financing activities	$ 185,391	(289,323)	301,237	2,941	-	200,246

	Jan. 1, 2019	Cash flow	Non-cash change: Other	Non-cash change: Change in exchange rate	Non-cash change: Change in fair value	Dec. 31, 2020
Short-term loan	$ 919,643	(890,590)	-	927	-	29,980
Lease liabilities	241,482	(115,118)	35,762	(6,715)	-	155,411
Total liabilities from financing activities	$ 1,161,125	(1,005,708)	35,762	(5,788)	-	185,391

vii. Transactions with related parties

(1) Parent company and ultimate controller: The Company is the ultimate controller of the Company and the Company's subsidiaries.

(2) Names and relationships of related parties

The related parties with whom the Company had transactions during the period covered by these consolidated financial statements are as follows:

Name of Related Party	Relationship with the Company
Key management personnel	Including the directors, supervisors, managers and their families and spouses

(3) Material transactions with the related parties

1. Lease

The Consolidated Company leases warehouses from major management personnel and enters into one-year lease contracts with a total value of $60,000,000 dollars with reference to the neighboring warehouse rental quotes (per year). The interest expenses of $1,000 and $1,000 were recognized for the years ended December 31, 2020 and 2019, respectively, and the balance of lease liabilities was $0 and $59,000 as of December 31, 2020 and 2019, respectively.

(4) Major management personnel transaction

Related compensation includes:

	2020	2019
Short-term employee benefits	$ 60,584	50,134
Post-employment benefits	1,271	865
Share-based payment	-	432
	$ 61,855	51,431

viii. Pledged assets

The carrying value of the assets pledged as collateral by the Consolidated Company was as follows:

Name of Asset	Dec. 31, 2020	Dec. 31, 2019
Property, plant and equipment	$ 66,669	44,618

ix. Significant contingent liabilities and unrecognized contractual commitments

(1) Significant unrecognized contractual commitments:

As of December 31, 2020, the consolidated company had signed and has not paid major plant construction contracts with the value of approximately RMB 52,795,000 yuan.

The consolidated company had entered into outstanding information system related contracts as of December 31, 2020 for an amount of approximately NT$31,566,000.

(2) The issuance of guarantee notes for bank loans, financing lines and derivative financial commodity transactions:

	Dec. 31, 2020	Dec. 31, 2019
Guaranteed notes	$ 1,570,240	2,358,960

x. Significant Disaster Loss: None.

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

xii. Other

(1) Employee benefits, depreciation, depletion and amortization functions are summarized below:

By function / By nature	2020			2019		
	Operation cost	Operation expense	Total	Operation cost	Operation expense	Total
Employee benefit expense						
Salaries expense	2,431,417	1,131,903	3,563,320	1,752,546	1,005,440	2,757,986
Labor insurance and health insurance expenses	293,430	93,414	386,844	312,817	113,169	425,986
Pension expense	2,346	11,219	13,565	312	9,713	10,025
Compensation of directors	-	5,934	5,934	-	5,584	5,584
Other employee benefit expenses	230,010	113,636	343,646	125,533	105,999	231,532
Depreciation expense	809,329	375,469	1,184,798	851,362	315,617	1,166,979
Amortization expense	3,390	23,681	27,071	1,087	12,747	13,834

(2) Seasonality of Operation:

The Company's operations are subject to seasonal fluctuations due to the downstream computer industry.

xiii. Supplementary Disclosures

(i) Information on Significant Transactions

In accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Company should disclose the following information about significant transactions in 2020:

1. Capital Lending to Others:

Unit: NT$ thousands／1,000 in foreign currency

No.	Lender	Borrower	Item	Related Party	Max Amount for the term	Balance at the end	Actual Lending Amount	Interest rate	Nature of the lending (Note 1)	Business Amount	Purpose f or the lending	Allowance for bad debt	Collateral		Individual Limit (Note 2)	Overall limit (Note 2)
													Name	Value		
0	The Company	Lotes Guanghou Co., Ltd.	Intracompany transaction	Yes	131,496 (RMB30,000)	-	-	5.0%	2	-	Working Capital	-	No	-	2,699,840	5,399,679
0	〃	〃	〃	Yes	218,980 (RMB50,000)	218,240 (RMB50,000)	87,296	4.5%	2	-	〃	-	"	-	2,699,840	5,399,679

Note 1: The lending of funds is described as follows.

(1) Those who have business dealings.

(2) Those who have the need for short-term financing.

Note 2: The amount of the Company's financing to a single party shall not exceed 20% of the Company's net worth. The total amount of funds lent by the Company to others shall not exceed 40% of the Company's net worth.

2. Endorsement:

Unit: NT$ thousands/1,000 in foreign currency

No.	Name of the Company that provides the endorsement	Endorsee		Ceiling on amount of endorsement for a enterprise (Note 2)	Balance of the ceiling endorsement fee in the period	Ending balance of the endorsement fee	Amount actually used	Amount of endorsement backed by assets	Percentage of the accumulated amount of endorsement in the net value of current financial statement (%)	Ceiling on amount of endorsement (Note 2)	Endorsement made by parent company to subsidiary	Endorsement made by subsidiary to parent company	Endorsement made to any party in Mainland China.
		Company Name	Relationship (Note 1)										
0	The Company	REKA Technology Co., Ltd.	2	2,699,840	35,000	35,000	-	-	0.26%	6,749,599	Yes	No	No
0	"	Lotes Suzhou Co., Ltd.	2	2,699,840	151,250 (USD5,000)	-	-	-	- %	6,749,599	"	"	Yes
0	"	Lotes Guanghou Co., Ltd.及Lotes Suzhou Co., Ltd.	2	2,699,840	453,750 (USD15,000)	-	-	-	- %	6,749,599	"	"	"
0	"	Lotes Guanghou Co., Ltd.	2	2,699,840	907,500 (USD30,000)	227,840 (USD8,000)	-	-	1.69%	6,749,599	"	"	"
1	Lotes Guanghou Co., Ltd.	REKA Technology Co., Ltd.	1	1,073,480	90,750 (USD3,000)	85,440 (USD3,000)	-	-	1.59%	2,683,700	No	"	No
2	Lintes Technology Co., Ltd.	Lintes Technology (Suzhou) Co., Ltd.	2	831,350	181,500 (USD6,000)	113,920 (USD4,000)	-	-	6.85%	1,662,701	"	"	Yes
2	"	Genie Precision Machining Co., Ltd.	2	831,350	125,280	101,260	19,125	-	6.09%	1,662,701	"	"	No

Note 1: There are seven types of relationship between the Endorser and Endorsee, which can be marked:

(1) Companies with business dealings.

(2) Companies in which the company directly and indirectly holds more than 50% of the voting rights.

(3) Companies that hold more than 50% of the voting rights in the company, both directly and indirectly.

(4) The Company owns, directly and indirectly, more than 90 percent of the voting shares.

(5) Company that is mutually insured under a contract between its peers or co-manufacturers based on the need to perform the work.

(6) Company in which all of the contributory shareholders have given their endorsement in proportion to their shareholding in the joint venture.
(7) Intercompany performance guarantees and guarantees for pre-sale contracts in accordance with the Consumer Protection Act.

Note 2: (1) The amount of the Company's guarantee for a single corporate endorsement shall not exceed 20% of the net worth of the Company.
The aggregate amount of the Company's guarantees under external endorsement shall not exceed 50% of the net worth of the Company.
(2) The amount of Lotes Guanghou Co., Ltd.'s guarantee for a single corporate endorsement is limited to not more than 20% of the net worth of the company.
The aggregate amount of Lotes Guanghou Co., Ltd.'s external endorsement guarantees is limited to an amount not exceeding 50% of the Company's net worth.
(3) The amount of Lintes Technology Co., Ltd.'s guarantee for a single corporate endorsement is limited to not more than 50% of the net worth of the company.
The aggregate amount of Lintes Technology Co., Ltd.'s external endorsement guarantees is limited to an amount not exceeding 100% of the Company's net worth.

3. Securities Held at the End of Fiscal Period (excluding the equity of controlled by subsidiaries, affiliated companies, or joint company):

Unit: NT$ thousands

Company which holds securities	Category and name of security	Relationship with the issuer of the security	Listed as	End of the fiscal period				Highest shareholding status in the period	Note
				Shares	Book Value	Shareholding proportion	Fair value		
Jiayu Investment Co., Ltd.	Grand-Tek Technology Co., Ltd.	None	Financial assets measured at FVTPL - current	163,980	5,608	0.67 %	5,608	0.67%	
"	Lian Hong Art Co., Ltd.	"	"	1,017,000	83,547	2.98 %	83,547	2.98%	
"	Sitronix Technology Corporation	"	"	170,000	27,625	0.14 %	27,625	0.14%	
"	OtO Photonics Inc.	"	"	1,368,800	-	4.57 %	-	5.35%	註
"	Lucemitek Co., Ltd	"	"	1,169,977	-	17.33 %	-	17.33%	註
"	Radinet Communications Inc.	"	"	600,000	-	26.25 %	-	26.25%	註
"	AICP Technology Corporation	"	Financial assets measured at FVTOCI - current	400,000	2,016	5.33 %	2,016	5.33%	
Lintes Technology Co., Ltd.	Class A preferred shares of Chailease Holding Co., Ltd.	"	Financial assets measured at FVTOCI – non-current	202,000	20,120	0.13 %	20,120	0.13%	

Note: All of them were recognized in losses.

4. The cumulative purchase or sale of the same securities amounted to at least NT$300 million or 20% of the paid-in capital: None.

5. Acquisition of real property amounting to NT$300 million or 20% or more of the paid-in capital:

Unit: NT$ thousands

The company which acquired the property	Name of Asset	Date of occurrence	Amount of Transaction (Note 2)	Payment condition (Note 2)	Counterparty of transaction	Relationship	If the counterparty is a related party, the information of its previous transfer shall be provided				Reference for pricing	Purpose of the acquisition and the condition of use	Other agreed matters
							Owner	Relationship with the Issuer	Date of transfer	Amount			
Lotes Zhongshan Co., Ltd.	Plant (Note 1)	106.10 ~ 109.12	890,255	787,873	Chongqing Chuangyou Construction Group, etc	None	-	-	-	-	Bidding	For the construction of a plant	None
Lotes Hengnan Co., Ltd.	"	108.10 ~ 109.12	340,428	192,369	"	"	-	-	-	-	"	"	"

Note 1: Build the factory by own contracting committee.
Note 2: The conversions were made at the exchange rates prevailing on the balance sheet date.

6. Disposal of real property amounting to NT$300 million or 20% or more of paid-in capital: None.

7. The amount of sales to or from related parties is at least $100 million or 20% of the paid-in capital:

Unit: NT$ thousands

The company which purchases (sells) products	Name of Transaction Counterparty	Relationship	Condition of Transaction				Situation and reason for the conditions of transaction to be different from the ordinary ones		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Percentage in total goods purchased (sold)	Credit period	Unit Price	Credit period	Balance	Percentage in the notes and accounts receivable (payable)	
Xincheng Development Co., Ltd.	The Company	Subsidiary	Net revenue from the goods sold	1,257,599	95.98 %	settled by month at intervals of 90 days	-	No significant difference	288,985	94.04%	
"	Lotes Suzhou Co., Ltd.	The surrogate parent company are the same parent company	Net amount of purchase	1,308,932	99.90 %	"	-	"	307,166	99.61%	
REKA Technology Co., Ltd.	The Company	Subsidiary	Net revenue from the goods sold	7,574,556	75.69 %	"	-	"	1,728,149	55.31%	
"	Lotes Guanghou Co., Ltd.	The surrogate parent company are the same parent company	Net amount of purchase	8,386,061	85.57 %	"	-	"	1,150,187	39.21%	
"	Shenzhen Deyi Automation Technology Co., Ltd.	"	Net revenue from the goods sold	412,265	4.12 %	"	-	"	211,505	6.77%	
"	Zongka Technology (Shenzhen) Co., Ltd.	"	Net revenue from the goods sold	469,248	4.69 %	"	-	"	108,222	3.46%	
"	Lotes Hengnan Co., Ltd.	"	Net amount of purchase	555,838	5.67 %	"	-	"	78,557	2.68%	
"	"	"	Net revenue from the goods sold	276,160	2.76 %	"	-	"	80,149	2.57%	
"	Lotes Zhongshan Co., Ltd.	"	Net amount of purchase	930,071	9.49 %	"	-	"	178,176	6.07%	
Lotes Guanghou Co., Ltd.	REKA Technology Co., Ltd.	"	Net amount of purchase	2,042,032	30.62 %	"	-	"	302,436	21.31%	
"	Lotes Hengnan Co., Ltd.	"	Net amount of purchase	303,826	4.56 %	"	-	"	35,480	2.50%	
Lintes Technology (Suzhou) Co., Ltd.	Lintes Technology Co., Ltd.	Subsidiary	Net revenue from the goods sold	1,634,841	94.81 %		-		372,386	93.32%	
Lotes Hengnan Co., Ltd.	Zongka Technology (Shenzhen) Co., Ltd.	The surrogate parent company are the same parent company	Net revenue from the goods sold	107,468	12.33 %	"	-	"	41,634	14.54%	
"	Shenzhen Deyi Automation Technology Co., Ltd.	"	Net revenue from the goods sold	177,683	20.38 %	"	-	"	105,954	37.00%	

8. Amounts due from related parties amounting to at least NT$100 million or 20% of paid-in capital:

Unit: NT$ thousands

Related party with accounts receivable by the Company	Name of transaction counterparty	Relationship	Balance of receivables from the related party	Turnover Ratio	Past due receivables from the related party		Receivables from the related party Amount received after the period ended	Appropriated Allowance Amount of loss
					Amount	Solution		
Xincheng Development Co., Ltd.	The Company	Subsidiary	288,985	5.03	-		73,102	-
REKA Technology Co., Ltd.	The Company	Subsidiary	1,728,149	4.01	-		1,728,149	-
"	Lotes Guanghou Co., Ltd.	The surrogate parent company are the same parent company	302,436	5.95	-		298,134	-
"	Zongka Technology (Shenzhen) Co., Ltd.	"	108,222	2.42	-		74,564	-
	Lotes Hengnan Co., Ltd.	"	80,149	3.69	-		-	-
"	Lotes Zhongshan Co., Ltd.	"	140,452	-	-		72,684	-
"	Lotes Shenzhen Automation Technology Co., Ltd.	"	211,505	3.06	-		115,422	-
Lotes Suzhou Co., Ltd.	Xincheng Development Co., Ltd.	The surrogate parent company are the same company	307,166	4.82	-		82,137	-
Good Hope Investments Limited	REKA Technology Co., Ltd.	Parent company	880,631	-	-		-	-
Lotes Guanghou Co., Ltd.	"	The surrogate parent company are the same company	1,150,187	6.26	-		1,150,187	-
"	Lotes Zhongshan Co., Ltd.	"	13,574	3.52	-		-	-
"	"	"	339,073	-	-		-	-
Lotes Zhongshan Co., Ltd.	REKA Technology Co., Ltd.	"	178,176	10.44	-		178,072	-
Lotes Hengnan Co., Ltd.	Lotes Shenzhen Automation Technology Co., Ltd.	"	105,954	3.15	-		-	-

Related party with accounts receivable by the Company	Name of transaction counterparty	Relationship	Balance of receivables from the related party	Turnover Ratio	Past due receivables from the related party		Receivables from the related party	Appropriated Allowance
					Amount	Solution	Amount received after the period ended	Amount of loss
Lintes Technology (Suzhou) Co., Ltd.	Lintes Technology Co., Ltd.	Subsidiary	372,386	4.88	-		-	-

9. Engagement in derivative transactions: Please refer to Note VI (II) and (XXIV).

10. Business relationships and material transactions between parent and subsidiaries:

Business relationships and significant intercompany transactions for the year ended December 31, 2019:

Unit: NT$ thousands

No.	Name	Transaction with	Relationship	Transaction in 2020			
				Subject	Amount	Term	Operating revenue Accounting for total assets
0	The Company	Ememe Robot Co., Ltd.	1	Other receivables	2,272	Same as common transactions	0.01%
0	"	Lintes Technology Co., Ltd.	1	Other income	155	"	-%
0	"	"	1	Net revenue from the goods sold	72	"	-%
0	"	"	1	Net amount of purchase	42,463	"	0.25%
0	"	"	1	Accounts receivable	11	"	-%
0	"	"	1	Accounts payable	17,277	"	0.09%
0	"	Jiayu Investment Co., Ltd.	1	Other income	34	"	-%
0	"	"	1	Other receivables	18	"	-%
0	"	LOTES USA, INC.	1	Management fee	56,328	"	0.33%
0	"	"	1	Other payables	2,092	"	0.01%
0	"	LOTES EU GmbH	1	Management fee	3,346	"	0.02%
0	"	Xincheng Development Co., Ltd.	1	Accounts receivable	924	"	-%
0	"	"	1	Accounts payable	288,985	"	1.50%
0	"	"	1	Net amount of purchase	1,257,559	"	7.27%
0	"	"	1	Sales revenue	947	"	-%
0	"	"	1	Selling expenses	237	"	-%
0	"	REKA Technology Co., Ltd.	1	Accounts receivable	12,077	"	0.06%
0	"	"	1	Accounts payable	1,728,149	"	8.96%
0	"	"	1	Net amount of purchase	7,574,556	"	43.81%
0	"	"	1	Sales revenue	25,284	"	0.15%
0	"	Good News Medical Co., Ltd.	1	Other income	26	"	-%
0	"	Lotes Guanghou Co., Ltd.	1	Other receivables	87,624	"	0.45%
0	"	"	1	Interest income	4,122	"	0.02%
0	"	Compertum Microsystems Inc.	1	Other income	3	"	-%
0	"	Lerain Technology Co., Ltd.	1	Other income	166	"	-%
0	"	Mikronpoint Co., Ltd.	1	Other receivables	118	"	-%
0	"	Lotes Suzhou Co., Ltd.	1	Sales revenue	26	"	-%
0	"	"	1	Other receivables	130	"	-%
1	Lotes Guanghou Co., Ltd.	REKA Technology Co., Ltd.	3	Accounts receivable	1,150,187	"	5.96%
1	"	"	3	Accounts payable	302,436	"	1.57%
1	"	"	3	Purchase in the period	2,042,032	"	11.81%
1	"	"	3	Sales revenue	8,386,061	"	48.50%
1	"	"	3	Purchase of fixed assets	66,846	"	0.35%
1	"	"	3	Other receivables	7,253	"	1.57%
1	"	Lotes Suzhou Co., Ltd.	3	Sales revenue	4,175	"	0.02%
1	"	"	3	Purchase in the period	5,891	"	0.03%
1	"	"	3	Sale of molds	123	"	-%
1	"	"	3	Accounts receivable	682	"	-%
1	"	"	3	Accounts payable	2,256	"	0.01%
1	"	Lotes Hengnan Co., Ltd.	3	Accounts receivable	3,293	"	0.02%

No.	Name	Transaction with	Relationship	Transaction in 2020			
				Subject	Amount	Term	Operating revenue Accounting for total assets
1	Lotes Guanghou Co., Ltd.	Lotes Hengnan Co., Ltd.	3	Accounts payable	35,480	Same as common transactions	0.18%
1	"	"	3	Sale of fixed assets	1,996	"	0.01%
1	"	"	3	Other receivables	2,299	"	0.01%
1	"	"	3	Purchase in the period	303,826	"	1.76%
1	"	"	3	Sales revenue	3,098	"	0.02%
1	"	"	3	Purchase of fixed assets	2,286	"	0.01%
1	"	Zongka Technology (Shenzhen) Co., Ltd.	3	Management fee	834	"	-%
1	"	"	3	Accounts receivable	567	"	-%
1	"	"	3	Other payables	109	"	-%
1	"	"	3	Purchase in the period	162	"	-%
1	"	"	3	Sales revenue	1,232	"	-%
1	"	"	3	Other income	194	"	-%
1	"	Lotes Shenzhen Automation Technology Co., Ltd.	3	Accounts receivable	3,943	"	0.02%
1	"	"	3	Accounts payable	18	"	-%
1	"	"	3	Sales revenue	4,448	"	0.03%
1	"	"	3	Purchase in the period	262	"	-%
1	"	"	3	Other income	145	"	-%
1	"	Lintes Technology (Suzhou) Co., Ltd.	3	Sales revenue	60,702	"	0.35%
1	"	"	3	Accounts receivable	35,034	"	0.18%
1	"	"	3	Purchase in the period	15	"	-%
1	"	Lotes Zhongshan Co., Ltd.	3	Other payables	4,752	"	0.02%
1	"	"	3	Accounts receivable	13,574	"	0.07%
1	"	"	3	Other receivables	339,073	"	1.76%
1	"	"	3	Sales revenue	24,228	'	0.14%
1	"	"	3	Purchase in the period	90,616	"	0.52%
1	"	"	3	Sale of fixed assets	292,919	"	1.52%
1	"	"	3	Purchase of fixed assets	9		-%
1	"	"	3	Accounts payable	89,616	"	0.46%
1	"	Guangzhou Leside Technology Co., Ltd.	3	Accounts receivable	25	"	-%
1	"	"	3	Sales revenue	3,049	"	0.02%
1	"	"	3	Other income	118	"	-%
1	"	"	1	Other receivables	22	"	-%
1	"	Zhongshan Dezhi Metal Surface Treatment Co., Ltd.	3	Purchase in the period	38,440	"	0.22%
1	"	"	1	Accounts receivable	10,823	"	0.06%
2	Lotes Suzhou Co., Ltd.	Xincheng Development Co., Ltd.	3	Sales revenue	1,308,932	"	7.57%
2	"	"	3	Accounts receivable	307,166	"	1.59%
2	"	"	3	Accounts payable	1,196	"	-%
2	"	"	3	Purchase in the period	1,896	"	0.01%
2	"	Zongka Technology (Shenzhen) Co., Ltd.	3	Sales revenue	34,248	"	0.20%
2	"	"	3	Net amount of purchase	218	"	-%
2	"	"	3	Accounts receivable	8,827	"	0.05%
2	"	"	3	Accounts payable	229	"	-%
2	"	Lintes Technology (Suzhou) Co., Ltd.	3	Sales revenue	14,901	"	0.09%
2	"	"	3	Other receivables	6,525	"	0.03%
2	"	"	3	Accounts receivable	6,184	"	0.03%
2	"	"	3	Other income	15,235	"	0.09%
2	"	"	3	Sale of fixed assets	21,127	"	0.11%
2	"	Lotes Shenzhen Automation Technology Co., Ltd.	3	Sales revenue	90,286	"	0.52%
2	"	"	3	Accounts receivable	41,313	"	0.21%
2	"	Lotes Zhongshan Co., Ltd.	3	Purchase in the period	137	"	-%

Notes to the Consolidated Financial Statements of Lotes Co., Ltd. and Its Subsidiaries

No.	Name	Transaction with	Relation ship	Transaction in 2020			
				Subject	Amount	Term	Operating revenue Accounting for total assets
2	Lotes Suzhou Co., Ltd.	Lotes Zhongshan Co., Ltd.	3	Accounts payable	24	"	-%
2	"	"	3	Sales revenue	406	"	-%
2	"	"	3	Accounts receivable	467	"	-%
3	REKA Technology Co., Ltd.	Xincheng Development Co., Ltd.	3	Sales revenue	300	"	-%
3	"	"	3	Purchase in the period	49,485	"	0.29%
3	"	"	3	Accounts receivable	290	"	-%
3	"	"	3	Accounts payable	17,424	"	0.09%
3	"	Zongka Technology (Shenzhen) Co., Ltd.	3	Sales revenue	469,248	"	2.71%
3	"	Zongka Technology (Shenzhen) Co., Ltd.	3	Accounts receivable	108,222	"	0.56%
3	"	Good Hope Investments Limited	3	Accounts payable	880,631	"	4.57%
3	"	Ememe Robot Co., Ltd.	3	Accounts receivable	7,800	"	0.04%
3	"	Lotes Hengnan Co., Ltd.	3	Sales revenue	276,160	"	1.60%
3	"	"	3	Accounts receivable	80,149	"	0.42%
3	"	"	3	Purchase in the period	555,838	"	3.21%
3	"	"	3	Accounts payable	78,557	"	0.41%
3	"	"	3	Sale of fixed assets	512	"	-%
3	"	Lotes Shenzhen Automation Technology Co., Ltd.	3	Sales revenue	412,265	"	2.38%
3	"	"	3	Accounts receivable	211,505	"	1.10%
3	"	Zhongshan Dezhi Metal Surface Treatment Co., Ltd.	3	Accounts receivable	2,526	"	0.01%
3	"	Lotes Zhongshan Co., Ltd.	3	Sales revenue	1,834	"	0.01%
3	"	"	3	Purchase in the period	930,071	"	5.38%
3	"	"	3	Accounts receivable	140,452	"	0.73%
3	"	"	3	Accounts payable	178,176	"	0.92%
4	Lotes Hengnan Co., Ltd.	Lotes Shenzhen Automation Technology Co., Ltd.	3	Sales revenue	177,683	"	1.03%
4	"	"	3	Accounts receivable	105,954	"	0.55%
4	"	Zongka Technology (Shenzhen) Co., Ltd.	3	Sales revenue	107,468	"	0.62%
4	"	"	3	Accounts receivable	41,634	"	0.22%
4	"	Lotes Suzhou Co., Ltd.	3	Sales revenue	4,543	"	0.03%
4	"	"	3	Accounts receivable	2,032	"	0.01%
4	"	Lotes Zhongshan Co., Ltd.	3	Sales revenue	16,264	"	0.09%
4	"	"	3	Accounts receivable	5,073	"	0.03%
4	"	"	3	Sale of fixed assets	14	"	-%
5	Lintes Technology (Suzhou) Co., Ltd.	Lintes Technology Co., Ltd.	3	Sales revenue	1,634,841	"	9.45%
5	"	"	3	Net amount of purchase	36,915	"	0.21%
5	"	"	3	Accounts payable	6,500	"	0.03%
5	"	"	3	Accounts receivable	372,386	"	1.93%
5	"	"	3	Other receivables	831	"	-%
6	Lintes Technology Co., Ltd.	Genie Precision Machining Co., Ltd.	3	Management fee	184	"	-%
7	Zongka Technology (Shenzhen) Co., Ltd.	Lotes Shenzhen Automation Technology Co., Ltd.	3	Sales revenue	18	"	-%
7	"	Lotes Zhongshan Co., Ltd.	3	Purchase in the period	28	"	-%
7	"	"	3	Accounts payable	32	"	-%
8	Lotes Zhongshan Co., Ltd.	Guangzhou Leside Technology Co., Ltd.	3	Sales revenue	23,545	"	0.14%
8	"	"	3	Accounts receivable	27,112	"	0.14%
8	"	Lotes Shenzhen Automation Technology Co., Ltd.	3	Sales revenue	209	"	-%
8	"	"	3	Accounts receivable	207	"	-%
8	"	Zhongshan Dezhi Metal Surface Treatment Co., Ltd.	3	Accounts payable	2,808	"	0.01%

No.	Name	Transaction with	Relationship	Transaction in 2020			
				Subject	Amount	Term	Operating revenue Accounting for total assets
8	Lotes Zhongshan Co., Ltd.	Zhongshan Dezhi Metal Surface Treatment Co., Ltd.	3	Purchase	7,159		0.04%
8	"	Lintes Technology (Suzhou) Co., Ltd.	3	Sales revenue	21	Same as ordinary transactions	-%
8	"	"	3	Accounts receivable	24	"	-%

Note 1: The number should be filled in as follows:
1. 0 refer to parent company.
2. Subsidiaries are numbered by company, starting with the Arabic numeral 1.

Note 2: The type of relationship with the counterparty is indicated below:
1. Parent company to subsidiaries
2. Subsidiaries to parent company
3. Subsidiaries to subsidiaries

(ii) Information on Investment Business:

Information on the Company's investees in 2019 was as follows (excluding investees in China):

Unit: NT$ thousands

Name of the company investing	Name of investee company	Location	Main business	Initial investment amount (Note 1)		Shares held at the end of the fiscal period			Highest Shareholding Status in the period	Gain/loss of investee company in the fiscal period	Gain/loss in the investment recognized in the fiscal period	Remark
				End of this period	End of the previous year	Shares	Percentage	Book Value				
The Company	Lotes Investment Ltd.	Samoa	Holding and investment businesses	741,904	780,979	26,050,000	100.00%	5,201,468	100.00%	753,814	724,108	Note 2
"	Good Hope Investments Limited	"	"	11,428	12,030	401,281	100.00%	1,531,999	100.00%	73,651	73,651	
"	Guansi Development Co., Ltd.	"	"	570,068	600,092	20,016,426	100.00%	2,239,442	100.00%	303,052	299,979	Note 2
"	Zhaxi Investment Co., Ltd.	Anguilla	"	14,240	14,990	500,000	100.00%	121,209	100.00%	7,595	7,595	
"	Jiayu Investment Co., Ltd.	Taiwan	General investment	690,000	690,000	69,000,000	100.00%	1,044,195	100.00%	164,471	164,372	
"	Lotes USA, Inc.	USA	Market development	71,200	74,950	2,500,000	100.00%	75,816	100.00%	30,917	30,917	
"	LOTES EU GmbH	Germany	Market development	3,502	3,359	100,000	100.00%	4,059	100.00%	183	183	
"	Lerain Technology Co., Ltd.	Taiwan	Design, testing and sale of chips	9,385	-	938,525	33.92%	2,687	33.92%	(6,698)	(6,698)	
"	Mikronpoint Co., Ltd.	"	Manufacturing and trading of mechanical equipment, electronic parts and components	5,000	-	500,000	100.00%	4,936	100.00%	(64)	(64)	
Lotes Investment Ltd.	Loteson International Investments Limited	Hong Kong	Holding and investment businesses	741,904	780,979	26,050,000	100.00%	5,367,416	100.00%	753,814	753,814	
Good Hope Investments Limited	Xincheng Development Co., Ltd.	Samoa	Telecommunication services and sales of connectors for consumer electronics industry	2,848	2,998	100,000	100.00%	1,619	100.00%	(32)	(32)	
"	REKA Technology Co., Ltd.	Hong Kong	Telecommunication services and sales of connectors for consumer electronics industry	2,884	3,036	101,281	100.00%	649,725	100.00%	73,682	73,682	
Guansi Development Co., Ltd.	Jae You Co., Ltd.	"	Holding and investment businesses	570,077	600,102	20,016,756	100.00%	2,259,208	100.00%	303,052	303,052	
Zhaxi Investment Co., Ltd.	Wangden Investments Limited	"	Holding and investment businesses	14,240	14,990	500,000	100.00%	121,209	100.00%	7,595	7,595	
Jiayu Investment Co., Ltd.	Ememe Robot Co., Ltd.	Taiwan	Electric Appliance and Audiovisual Electric Products Manufacturing	69,600	69,600	6,960,000	94.37%	(7,776)	94.37%	89	(2,691)	
"	Compertum Microsystems Inc.	"	Electronic Parts and Components Manufacturing	26,328	13,164	2,632,800	35.34%	31,152	35.34%	(29,260)	(11,434)	
"	Good News Medical Co., Ltd.	"	Manufacturing and trading of mechanical equipment, electronic parts and components, optical instruments	250	-	25,000	5.00%	191	5.00%	(1,179)	(59)	
"	Lintes Technology Co., Ltd.	"	Electronic Parts, Components, Electrical Machinery, Supplies Manufacturing	486,926	486,926	29,712,788	52.13%	866,728	52.13%	271,870	138,170	註2
Lintes Technology Co., Ltd.	Chia-Chun Investment Co., Ltd.	"	General investment	15,000	-	1,500,000	100.00%	15,001	100.00%	1	1	

Lintes Technology Co., Ltd.	Genie Precision Machining Co., Ltd.	Taiwan	Manufacturing and trading of optical molds	164,833	-	14,671,000	60.00%	193,404	63.93%	31,205	13,121	
"	Compertum Microsystems Inc.	"	Electronic Parts and Components Manufacturing	14,620	-	877,200	11.77%	10,379	11.77%	(29,260)	(1,394)	
"	Jilong Co., Ltd.	Samoa	Holding and investment businesses	140,976	148,401	4,950,000	100.00%	260,223	100.00%	64,085	84,902	註2
Jilong Co., Ltd.	Rihui Co., Ltd.	"	Holding and investment businesses	140,976	148,401	4,950,000	100.00%	260,223	100.00%	64,085	84,902	註2

Note 1: The original investment amount was converted into New Taiwan dollars using the exchange rate at the balance sheet date.

Note 2: Investment income recognized in the current period includes adjustments for unrealized gains or losses on intercompany transactions.

(iii) Information of investment in Mainland China:

1. Names of investee companies in Mainland China, major business activities, and other related information:

Unit: NT$ thousands

Name of investee company in Mainland China	Main business	Paid-in capital (Note 3)	Method of investment (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the fiscal period (Note 3)	Amount remitted or retrieved		Accumulated investment amount remitted from Taiwan at the end of the fiscal period (Note 3)	Gain/loss of investee company in the fiscal period	Shareholding Rati	Gain/loss in investment recognized in the fiscal period (Note 2)	Carrying amount of investment at the end of the fiscal period	Investment income remitted back to Taiwan by the end of the fiscal period	Name of investee company in Mainland China
					Remittance	Retrieved							
Lotes Guanghou Co., Ltd	Manufacturing connectors for telecommunication industry and for consumer electronics industry	760,416	(2)	726,240	-	-	726,240	753,814	100.00%	100.00%	724,083	5,201,424	-
Lotes Suzhou Co., Ltd	Manufacturing connectors for telecommunication industry and for consumer electronics industry	569,293	(2)	569,293	-	-	569,293	303,052	100.00%	100.00%	299,978	2,239,989	-
Zongka Technology (Shenzhen) Co., Ltd.	R&D of electronics, import and export of raw materials of plastic products and plastic products	14,240	(2)	14,240	-	-	14,240	7,595	100.00%	100.00%	7,595	121,209	-
Lotes Hengnan Co., Ltd.	Manufacturing connectors for telecommunication industry and for consumer electronics industry	517,229	(3)	-	-	-	-	113,681	100.00%	100.00%	99,195	752,131	-
Lintes Technology (Suzhou) Co., Ltd.	Development and production of the measurement instruments for optical communication, optical transceivers of 10GB/s or above and relevant technical support	140,976	(2)	140,976	-	-	140,976	75,095	52.13%	52.13%	49,997	165,997	-
Shenzhen Deyi Automation Technology Co., Ltd.	Manufacturing of robotic arms, automation equipment and relevant components	109,120	(3)	-	-	-	-	32,670	100.00%	100.00%	32,670	111,062	-
Lotes Zhongshan Co., Ltd	Manufacturing connectors for telecommunication industry and for consumer electronics industry, and Manufacturing of robotic arms, automation equipment and relevant components	1,440,384	(3)	-	-	-	-	72,157	100.00%	100.00%	72,157	1,489,027	-
Zhongshan Dezhi Metal Surface Treatment Co., Ltd.	Surface treatment of metal products and plastic products	130,944	(3)	-	-	-	-	(15,116)	100.00%	100.00%	(15,116)	115,540	-
Hengnan Deyi Property Development Co., Ltd.	Development of real estate, lease of premises, landscape design and interior decorating	100,390	(3)	-	-	-	-	(88)	100.00%	100.00%	(1,137)	99,227	-
Guangzhou Leside Technology Co., Ltd.	Research, testing and development	3,055	(3)	-	-	-	-	(1,255)	100.00%	100.00%	(1,255)	80	-
Chongqing Fuxinrui Electronic Technology Co., Ltd.	R&D and sales of electronic components, automobile components and accessories, computers and accessories, development of molds and the import and export of goods and technologies	4,365	(3)	-	-	-	-	(1,484)	51.00%	51.00%	(757)	916	-

Note 1: There are six types of investments:

(1) Investment in Chinese Corporation via Third Region Remittance.

(2) Establishment of a company to reinvest in a continental company through a third regional investment.

(3) Reinvest in Chinese companies by re-investing in existing companies in third regions.

(4) Direct Investment

(5) Others.

(6) NA.

Note 2: The investment gain or loss recognized in the current period has been reconciled with the unrealized gain or loss from intercompany transactions.

Note 3: The balance sheet date exchange rates are used to translate the paid-in capital and remittance of cumulative investment amounts into New Taiwan dollars.

2. **Investment ceiling in Mainland China**:

Name	Accumulated amount remitted from Taiwan at the end of the fiscal period for investment in Mainland China (Note 1)	Investment amount approved by Investment Commission, MoEA (Note 1)	Investment ceiling in Mainland China according to the regulations made by Investment Commission, MoEA
Lotes Co., Ltd.	1,309,773,000	1,453,750,000	8,099,519,000
Lintes Technology Co., Ltd.	140,976,000	140,976,000	997,621,000

Note 1: The conversions to NTD were made at the exchange rates prevailing on the balance sheet date.

3. Significant transactions with the investee companies in China:

Please refer to the "Significant Transactions" and "Business relationship and significant transactions between the Company and its subsidiaries" for details of the significant transactions between the Company and its investee companies in Mainland China, directly or indirectly, in 2020.

(iv) Information of Major Shareholders

Share Name of Major Shareholder	Number of Shares Held	Shareholding Ratio
Chin-Ling Investment Co., Ltd.	10,956,237	10.58%
Chia-Ming Investment Co., Ltd.	9,797,037	9.46%

Note: (1) The information on major shareholders in this table is based on the last business day of each quarter, and is calculated based on the total number of common shares and preferred shares held by shareholders who have completed the delivery of unregistered shares (including treasury shares) of the Company of at least 5%. The number of shares recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of computation.

(2) The above information is revealed by the trustee's opening of a trust account with individual subaccounts of the principal if the shareholder has delivered his or her shares to the trust. As for the shareholder's shareholding of more than 10% of the shares held by the Company in accordance with the Securities and Exchange Act, the shareholding of the shareholder includes the shareholding of the shareholder plus the shareholding of the shareholder who delivered the shares to the trust and has the right to decide the use of the trust property.

xiv. Operating Segments

(i) General Information

The company's main business is the trading of various hardware and tool parts, the manufacturing, processing and trading of various terminals and their finished connectors, the import and export trade of the preceding items, and the agency of the preceding items related to domestic and foreign manufacturers' products in the tender quotation and distribution business.

(ii) Information on reportable segment profit or loss, assets, liabilities and their measurement basis and reconciliation

The Consolidated company’s major decisions are based on the performance appraisal and resource allocation by the production regions. After analysis, the two regions meet the conditions of consolidation into a single operating segment, therefore the Consolidated company as a whole is a single operating segment, and the information of segment profit or loss, segment assets and segment liabilities are consistent with the financial statements.

(iii) Product and Labor Provision Information

The Consolidated company’s revenue information from external customers is as follows:

Product and Labor Provision	2020	2019
DT	4,740,378	4,472,439
Server	4,371,102	3,646,810
NB	2,779,981	2,147,446
LINTES (High Speed Cable)	2,131,004	2,219,041
Automotive	119,130	131,205
Other	3,149,737	2,471,931
Total	17,291,332	15,088,872

(iv) Geographical Information

The Consolidated company’s geographical information is shown below, where revenue is classified based on the geographic location of customers and non-current assets are classified based on the geographic location of assets.

Area	2020	2019
External client revenue:		
Taiwan	1,155,725	717,066
Mainland China	13,867,897	11,784,445
Other countries	2,267,710	2,586,761
Total	17,291,332	15,088,272
Non-current assets:		
Taiwan	776,383	438,067
Mainland China	5,258,620	4,181,610
Other countries	46,069	49,955
Total	6,081,072	4,669,632

Non-current assets include Property, plant and equipment, Right-of-use assets, Investment property, tangible assets and other assets, but do not include financial instruments, deferred income tax assets, and retirement benefit assets.