Stock Code：4906

Gemtek Technologies Co., Ltd.
and Subsidiary Companies

Consolidated Financial Statements
and Audit Report

As of December 31, 2020 and 2019

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CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Gemtek Technologies Co., Ltd. as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10, “Consolidated and Separate Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Gemtek Technologies Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Gemtek Technologies Co., Ltd.

Chairman

March 25, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Gemtek Technologies Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Gemtek Technologies Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

We hereby summarize the Key Audit Matters of the 2020 Consolidated Financial Statements of the Group as follows:

Revenue Recognition

The 2020 operating income of Gemtek Technology Co., Ltd. and its subsidairies is NT$19,929,372 thousand, in which NT$4,278,475 thousand sales revenue is attributed to the sale of a major customer product, accounting for 21% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income in contrast to the year 2019, the operating income for the sale to the specific customer product is listed as a Key Audit Matter. For related accounting policies pertaining to revenue recognition, please refer to Note 4 and 22.

Main Audit Procedures conducted by the CPA are as follows:

1.Assess the quality of composition and implementation of the Group’s Internal Control Policy that are related to sales income conjointly with the Group’s Sales Revenue Recognition Policy.

2.Conduct inspections on selected materials acquired from income reports that are related to sales transactions and receivables, etc. to verify whether the origins of the operating income are documented truthfully.

3.Verify whether the customer has received any substantial sales return or discounts after the transaction.

Additional Matters:

The financial statements of Gemtek Vietnam Co., Ltd. has been incorporated in the consolidated financial statements of Gemtek Technologies Co., Ltd. and its subsidiaries. Due to the differences in the respective financial reporting structures, the audit engagement for the financial statements of Gemtek Vietnam Co., Ltd. was performed by a separate CPA firm other than us.

The financial statements of Gemtek Vietnam Co., Ltd. was audited by the appointed CPA in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Therefore, when issuing our opinions for the consolidated financial statements, the opinions for the financial statements of Gemtek Vietnam Co., Ltd. is based on the audit report given by the appointed CPA. The total asset of Gemtek Vietnam Co., Ltd. as of December 31, 2020 was NT$2,232,563 thousand, accounting for 12% of the total consolidated assets. The net operating income from January 1 to December 31, 2020 was NT$70 thousand, accounting for 0% of consolidated net operating income.

We have audited the individual financial statements of Gemtek Technologies Co., Ltd. as of and for the years December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee and supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Taiwan
Certified Public Accountant
Ching-zen Yang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Yang

Securities and Futures Commission Approved Document Number: 6-0920123784

Securities and Futures Commission Approved Document Number: 6-0930128050

Date: March 25, 2021

GEMTEK TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019 (Unit: NT$ thousand)

Code	ASSETS	2020/12/31 Amount	%	2019/12/31 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents	$ 1,925,250	10	$ 2,731,118	19
1110	Financial assets at fair value through profit or loss - current	160,308	1	136,483	1
1136	Financial assets at amortised cost - current	3,274	-	55,921	-
1150	Notes receivables	-	-	43,732	-
1160	Notes receivable due from related parties, net	11,250	-	-	-
1170	Accounts receivable, net	5,888,372	32	3,978,648	27
1180	Accounts receivable due from related parties, net	112,537	1	60,969	1
1200	Other receivables	65,196	-	34,056	-
1220	Current tax assets	1,236	-	5,165	-
130X	Current inventories	4,189,305	22	2,302,166	16
1470	Other current assets	316,917	2	199,761	1
11XX	Total current assets	12,673,645	68	9,548,019	65
	NON-CURRENT ASSETS				
1517	Non-current financial assets at fair value through other comprehensive income	925,288	5	1,187,989	8
1535	Non-current financial assets at amortised cost	172,652	1	165,494	1
1550	Investments accounted for using equity method	1,111,163	6	74,313	-
1600	Property, plant and equipment	3,325,158	18	2,867,476	20
1755	Right-of-use assets	111,160	1	119,276	1
1805	Goodwill	72,845	-	417,835	3
1821	Other intangible assets	6,918	-	29,930	-
1840	Deferred tax assets	40,841	-	109,339	1
1990	Other non-current assets	216,706	1	180,065	1
15XX	Total non-current assets	5,982,731	32	5,151,717	35
1XXX	Total assets	$ 18,656,376	100	$ 14,699,736	100
Code	**LIABILITIES AND EQUITY**				
	CURRENT LIABILITIES				
2100	Current borrowings	$ 1,082,240	6	$ 454,800	3
2120	Current financial liabilities at fair value through profit or loss	7,278	-	6,063	-
2130	Current contract liabilities	218,433	1	243,802	2
2150	Notes payable	-	-	21,345	-
2170	Accounts payable	5,697,231	31	3,273,027	22
2180	Accounts payable to related parties	304	-	-	-
2219	Other payables	713,758	4	510,129	4
2230	Current tax liabilities	80,331	1	58,055	-
2280	Current lease liabilities	3,012	-	6,533	-
2321	Current portion of corporate bonds payables	1,179,157	6	-	-
2399	Other current liabilities	61,869	-	40,018	-
21XX	Total current liabilities	9,043,613	49	4,613,772	31
	NON-CURRENT LIABILITIES				
2530	Bonds payable	-	-	1,162,082	8
2570	Deferred tax liabilities	222,621	1	221,697	2
2580	Non-current lease liabilities	4,528	-	5,126	-
2670	Other non-current liabilities	1,479	-	9,184	-
25XX	Total non-current liabilities	228,628	1	1,398,089	10
2XXX	Total liabilities	9,272,241	50	6,011,861	41
	EQUITY				
	Share capital				
3110	Ordinary share	3,575,905	19	3,568,835	24
3200	Capital surplus	4,606,007	25	4,761,281	32
	Retained earnings				
3310	Legal reserve	750,939	4	730,820	5
3320	Special reserve	559,574	3	375,960	3
3350	Unappropriated retained earnings (accumulated deficit)	1,273,304	7	203,733	1
3300	Total retained earnings	2,583,817	14	1,310,513	9
3490	Other equity interest	(1,381,726)	(8)	(1,223,110)	(8)
31XX	Total equity attributable to owners of parent	9,384,003	50	8,417,519	57
36XX	Non-controlling interests	132	-	270,356	2
3XXX	Total equity	9,384,135	50	8,687,875	59
	TOTAL LIABILITIES AND EQUITY	$ 18,656,376	100	$ 14,699,736	100

The attached notes are part of this consolidated financial report

GEMTEK TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

		2020		2019	
Code		Amount	%	Amount	%
4000	Total operating revenue	$ 19,929,372	100	$ 18,057,131	100
5000	Total operating costs	(17,663,796)	(89)	(16,284,640)	(90)
5900	Gross profit (loss) from operations	2,265,576	11	1,772,491	10
	OPERATING EXPENSES				
6100	Selling expenses	(389,353)	(2)	(372,352)	(2)
6200	Administrative expenses	(533,312)	(3)	(510,973)	(3)
6300	Research and development expenses	(874,998)	(4)	(837,667)	(5)
6000	Total operating expenses	(1,797,663)	(9)	(1,720,992)	(10)
6900	Net operating income (loss)	467,913	2	51,499	-
	NON-OPERATING INCOME AND EXPENSES				
7100	Total interest income	27,033	-	43,839	-
7010	Total other income	117,205	1	54,105	-
7020	Other gains and losses, net	960,490	5	219,506	1
7050	Finance costs, net	(30,843)	-	(54,964)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	31,374	-	(31,430)	-
7000	Total non-operating income and expenses	1,105,259	6	231,056	1
7900	Profit (loss) from continuing operations before tax	1,573,172	8	282,555	1
7950	Total tax expense (income)	(165,598)	(1)	(72,582)	-
8200	Profit (loss) from continuing operations	1,407,574	7	209,973	1

(Continued)

(Brought Forward)

Code		2020 Amount	2020 %	2019 Amount	2019 %
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	($ 1,928)	-	($ 4,179)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(160,503)	(1)	(327,252)	(2)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	73	-	-	-
8360	Components of other comprehensive income that will not be reclassified to profit or loss				
8361	Exchange differences on translation	(21,747)	-	(142,959)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(85)	-	(968)	-
8300	Components of other comprehensive income that will be reclassified to profit or loss	(184,190)	(1)	(475,358)	(2)
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 1,223,384	6	($ 265,385)	(1)
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	$ 1,370,155	7	$ 201,193	1
8620	Profit (loss), attributable to non-controlling interests	37,419	-	8,780	-
8600		$ 1,407,574	7	$ 209,973	1
	Profit (loss), attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 1,186,605	6	($ 272,976)	(1)
8720	Comprehensive income, attributable to non-controlling interests	36,779	-	7,591	-
8700		$ 1,223,384	6	($ 265,385)	(1)
	earnings per share				
9750	Total basic earnings per share	$ 3.86		$ 0.57	
9850	Total diluted earnings per share	$ 3.36		$ 0.53	

The attached notes are part of this consolidated financial report

GEMTEK TECHNOLOGY CO.,LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

Code		Share capital: Number Of Shares (in thousand)	Share capital: Amount	Capital Collected In Advance	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Undistributed surplus	Other Equity: Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity: Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Equity: Unearned employee salary	Other Equity: Total	Treasury stock	Non-controlling equity	Total Equity
A1	BALANCE, JANUARY 1, 2019	351,162	$ 3,511,620	$ 53,920	$ 4,669,276	$ 730,820	$ 195,278	$ 180,682	($ 351,769)	($ 386,694)	$ -	($ 738,463)	$ -	$ 39,586	$ 8,642,719
	Appropriation and distribution of retained earnings, 2018														
B3	Appropriated special reserve	-	-	-	-	-	180,682	(180,682)	-	-	-	-	-	-	-
C5	Recognized equity component of convertible corporate bonds issued by the company	-	-	-	45,527	-	-	-	-	-	-	-	-	-	45,527
C7	Changes of additional paid-in capital of Associates Accounted for Using Equity Method	-	-	-	(6,513)	-	-	(6,422)	833	-	-	833	-	-	(12,102)
D1	Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	-	201,193	-	-	-	-	-	8,780	209,973
D3	Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(4,088)	(143,797)	(326,284)	-	(470,081)	-	(1,189)	(475,358)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	197,105	(143,797)	(326,284)	-	(470,081)	-	7,591	(265,385)
I1	Corporate bond transfer to ordinary shares	5,722	57,215	(53,920)	2,475	-	-	-	-	-	-	-	-	-	5,770
M7	Changes in ownership interest in subsidiaries	-	-	-	49,265	-	-	-	(2,349)	-	-	(2,349)	-	(60,582)	(13,666)
O1	Changes of non-controlling interest	-	-	-	1,251	-	-	-	-	-	-	-	-	283,761	285,012
Q1	Disposal equity investments at fair value through profit or loss	-	-	-	-	-	-	13,050	-	(13,050)	-	(13,050)	-	-	-
Z1	BALANCE, DECEMBER 31, 2019	356,884	3,568,835	-	4,761,281	730,820	375,960	203,733	(497,082)	(726,028)	-	(1,223,110)	-	270,356	8,687,875
	Appropriation and distribution of retained earnings, 2019														
B1	Legal reserve	-	-	-	-	20,119	-	(20,119)	-	-	-	-	-	-	-
B3	Appropriated special surplus reserve	-	-	-	-	-	183,614	(183,614)	-	-	-	-	-	-	-
B5	Cash dividends of share holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	20,119	183,614	(203,733)	-	-	-	-	-	-	-
C15	Capital Surplus Cash Dividend	-	-	-	(177,911)	-	-	-	-	-	-	-	-	-	(177,911)
D1	Net income for the year ended December 31, 2020	-	-	-	-	-	-	1,370,155	-	-	-	-	-	37,419	1,407,574
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(1,855)	(21,779)	(159,916)	-	(181,695)	-	(640)	(184,190)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,368,300	(21,779)	(159,916)	-	(181,695)	-	36,779	1,223,384
L1	Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(68,767)	-	(68,767)
L3	Treasury stock cancellation	(3,293)	(32,930)	-	(35,837)	-	-	-	-	-	-	-	68,767	-	-
M3	Disposal of Investments accounted for using equity method	-	-	-	-	-	-	(4,636)	3,908	4,636	-	8,544	-	(307,367)	(303,459)
N1	Issuance of employee rights shares	4,000	40,000	-	58,474	-	-	-	-	-	(98,474)	(98,474)	-	-	-
T1	Restricted employee rights stock compensation costs	-	-	-	-	-	-	-	-	-	22,649	22,649	-	-	22,649
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	364	364
Q1	Disposal equity investments fair value through profit or loss	-	-	-	-	-	-	(90,360)	-	90,360	-	90,360	-	-	-
Z1	BALANCE, DECEMBER 31, 2020	357,591	$ 3,575,905	$ -	$ 4,606,007	$ 750,939	$ 559,574	$ 1,273,304	($ 514,953)	($ 790,948)	($ 75,825)	($ 1,381,726)	$ -	$ 132	$ 9,384,135

The attached notes are part of this consolidated financial report

GEMTEK TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	(Loss) income before income tax	$ 1,573,172	$ 282,555
A20010	Profit (loss) before tax		
A20100	Depreciation expense	329,409	291,400
A20200	Amortization expense	89,720	64,587
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(47)	(1,035)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	7,786	(270,036)
A20900	Interest expense	30,843	54,964
A21200	Interest income	(27,033)	(43,839)
A21300	Dividend income	(6,552)	(8,204)
A21900	Share-based payments	22,649	1,560
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	(31,374)	31,430
A22500	Loss (gain) on disposal of property, plan and equipment	2,480	13,603
A23200	Loss (gain) on disposal of investments accounted for using equity method	(1,033,557)	(9,677)
A23700	Impairment loss on non-financial assets	30,661	(16,541)
A24100	Unrealized foreign exchange loss (gain)	78,756	54,909
A30000	Total adjustments to reconcile profit (loss)		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(30,571)	484,116
A31130	Decrease (increase) in notes receivable	43,732	4,050
A31140	Decrease (increase) in notes receivable due from related parties	(11,250)	-
A31150	Decrease (increase) in accounts receivable	(2,548,429)	1,669,962
A31160	Decrease (increase) in accounts receivable due from related parties	(54,104)	(44,594)
A31180	Decrease (increase) in other receivable	(67,899)	50,359
A31200	Decrease (increase) in inventories	(2,180,699)	452,664
A31240	Decrease (increase) in other current assets	(122,204)	(38,656)
A31990	Prepaid pension cost	(2,246)	(2,354)
A32125	Increase (decrease) in contract liabilities	(20,735)	125,352
A32130	Increase (decrease) in notes payable	(21,345)	(2,366)

(Continued)

(Brought Forward)

Code		2020	2019
A32150	Increase (decrease) in accounts payable	$ 2,708,434	($ 348,161)
A32160	Increase (decrease) in accounts payable to related parties	44,481	(10,641)
A32180	Increase (decrease) in other payable	236,628	57,162
A32230	Increase (decrease) in other current liabilities	69,310	(3,355)
A33000	Cash inflow (outflow) generated from operations	(889,984)	2,839,214
A33100	Interest received	37,771	36,343
A33200	Dividends received	6,552	8,204
A33300	Interest paid	(13,621)	(53,749)
A33500	Income taxes refund (paid)	(47,414)	(34,101)
AAAA	Net cash flows from (used in) operating activities	(906,696)	2,795,911
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(27,336)	(227,713)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	98,471	-
B00040	Acquisition of financial assets at amortised cost	(20,016)	-
B00050	Proceeds from disposal of financial assets at amortised cost	-	93,792
B01800	Acquisition of investments accounted for using equity method	-	(40,000)
B02200	Net cash flow from acquisition of subsidiaries	7,696	91,521
B02300	Proceeds from disposal of subsidiaries	477,364	-
B02700	Acquisition of property, plant and equipment	(823,641)	(406,245)
B02800	Proceeds from disposal of property, plant and equipment	32,317	34,008
B04500	Acquisition of intangible assets	(652)	(1,348)
B06700	Increase in other non-current assets	(145,034)	(106,611)
BBBB	Net cash flows from (used in) investing activities	(400,831)	(562,596)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	745,360	(2,385,184)
C01200	Proceeds from issuing bonds	-	1,197,316
C04020	Payments of lease liabilities	(6,035)	(5,162)
C04300	Increase in other non-current liabilities	366	8,234
C04500	Cash dividends paid	(177,911)	-
C04900	Payments to acquire treasury shares	(68,767)	-
C05800	Change in non-controlling interests	-	(13,960)
CCCC	Net cash flows from (used in) financing activities	493,013	(1,198,756)
DDDD	Effect of exchange rate changes on cash and cash equivalents	8,646	(22,811)

(Continued)

(Brought forward)

Code		2020	2019
EEEE	Net increase (decrease) in cash and cash equivalents	($ 805,868)	$ 1,011,748
E00100	Cash and cash equivalents at beginning of period	2,731,118	1,719,370
E00200	Cash and cash equivalents at end of period	$ 1,925,250	$ 2,731,118

The attached notes are part of this consolidated financial report

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. COMPANY HISTORY

Gemtek Technologies Co., Ltd. (the "Company") was incorporated on June 29, 1988. It researches, develops, manufactures, purchases, sells, exports, and imports electronic components, semi-finished products, finished products, computer software, hardware and peripheral equipment. The Company's shares was listed on the Taipei Exchange (OTC) in January of 2002, and have been listed on the Taiwan Stock Exchange (TWSE) since June 30, 2003.

The consolidated financial statements of the Company and its subsidiaries (collectively, referred to as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issuance on March 25, 2021.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

(2) New, Amended and Revised Standards and Interpretions of IFRSs endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretions	Effective Date per IASB
Amendments to IFRS 4--Extension of the Temporary Exemption from Applying IFRS 9	Effective per announcement date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16--Interest Rate Benchmark Reform — Phase 2	The amendment is effective for annual reporting periods beginning on or after January 01, 2021
Amendments to IFRS 9 --Covid-19-Related Rent Concessions	The amendment is effective for annual reporting periods beginning on or after June 01, 2020

As of the date that the accompanying consolidated financial statements were approved and authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the above standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

(3) New, Amended and Revised Standards and Interpretions of IFRSs Announced by the IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretions	Effective Date per IASB (Note1)
Annual Improvements to IFRS Standards 2018–2020	January 01, 2022 (Note 2)

Amendments to IFRS 3 -- Reference to the Conceptual Framework	January 01, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 --Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 17 Insurance Contracts	January 01, 2023
Amendments to IFRS 17	January 01, 2023
Amendments to IAS 1 -- Classification of Liabilities as Current or Non-current	January 01, 2023
Amendments to IAS 1 and IFRS Practice Statement 2IAS 1 -- Disclosure of Accounting Policies	January 01, 2023 (Note 4)
Amendments to IAS 8 -- Definition of Accounting Estimates	January 01, 2023 (Note 5)
Amendments to IAS 16 -- Property, Plant and Equipment — Proceeds before Intended Use	January 01, 2022 (Note 6)
Amendments to IAS 37 -- Onerous Contracts — Cost of Fulfilling a Contract	January 01, 2022 (Note 7)

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

Note 2: The Group shall apply IFRS9 amendments prospectively for annual reporting periods beginning on or after January 01, 2022; the Group shall apply IAS41 amendments prospectively for annual reporting periods beginning on or after January 01, 2022; the Group shall apply IFRS1 amendments prospectively for annual reporting periods beginning on or after January 01, 2022.

Note 3: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022 and to asset acquisitions that occur on or after the beginning of that period.

Note 4: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 01, 2023.

Note 5: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 01, 2023.

Note 6: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 01, 2021.

Note 7: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 01, 2022.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

IV.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I)Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

(II)Basis of Preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
3. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

(IV) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries, including special purpose entities). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

See Note 12, Attachment 6, and Attachment 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(V) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer’s previously held equity interests in the acquire over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

For each business combination, the Group measures the non-controlling interests at either fair value or the share in the recognized amounts of the acquiree’s identifiable net assets. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets, in the event of liquidation, may be initially measured at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group’s previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Group.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

(VI) Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation and the group entities (including subsidiaries and associates in other countries that use currencies that are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

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

(VII) Inventories

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

(VIII) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and joint venture are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group’s share of the equity of associates and joint ventures.

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

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

When the Group’s share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for by using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group’ consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Group.

(IX)Property, plant and equipment

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

Depreciation is recognized using the straight-line method with their estimated useful lives. Each significant part is depreciated separately. If the lease term is shorter than its estimated useful life, an item of property, plant and equipment is depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at least once at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(X)Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit or groups of cash-generating units was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(XI) Intangible assets

1.Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss. When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it is initially recognized as an intangible asset at its fair value. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2.Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3.Derecognition of intangible assets

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

(XII) Impairment of tangible assets (property, plant, and equipment), right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets (property, plant and equipment), right-of-use assets, and other intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

(XIII) Financial instruments

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

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

1.Financial assets

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

(1)Measurement categories

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

A.Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 31.

B.Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a.The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b.The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

a.Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

b.Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that the debtor or issuer will probably enter bankruptcy or other financial reorganization, and the disappearance of an active market for that financial asset because of financial difficulties

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

C.Investments in equity instruments at FVTOCI

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

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

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

(2)Impairment of financial assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For internal credit risk management purposes, the Group determines that the following situation indicate that a financial asset is in default (without taking into account any collateral held by the Group):

A.Internal or external information shows that the debtor is unlikely to pay its creditors.

B.When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investmens in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in the other comprehensive incomeand does not reduce the carrying amount of the financial assets.

(3)Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

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

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

The repurchase of the Corporation’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation’s own equity instruments.

3. Financial liabilities

(1)Subsequent measurement

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

<u>Financial liabilities at FVTPL.</u>

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The fair value is determined in the manner described in Note 31.

(2)Derecognition of financial liabilities

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

4. Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5. Derivative financial instruments

The Group enters into foreign exchange forward to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

(XIV)Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of wireless gateways and wlan cards. Sales of wireless gateways and wlan cards are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the customer acquires control of the good.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(XV)Leasing

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1.The Group as lessor

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

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

2.The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XVI)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XVII)Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related cost for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit of loss in the period in which they become receivable.

(XVIII) Employee benefits

1.Short-term employee benefits

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

2.Retirement benefits

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

Defined benefit costs (including service costs, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs and net interest on the net defined benefit liability (asset) are recognized as an employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

(XIX)Share-based payment arrangements

Employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interest; it is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimates of the number of employees share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus-employee share options.

(XX)Taxation

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

1.Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

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

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

2.Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3.Current and deferred taxes for the year

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

V. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group takes the economic impact caused by the COVID-19 into consideration as part of a key source of estimation uncertainty. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

VI. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	$ 2,117	$ 2,347
Checking accounts and demand deposits	1,884,043	1,470,340
Cash equivalents		
Time deposits with original maturities of less than 3 months	39,090	1,258,431
	$ 1,925,250	$ 2,731,118
Market rate intervals of cash in banks at the end of the reporting period	0.001%~2.75%	0.001%~2.90%

VII. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2020	December 31, 2019
Financial assets - current		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
－Domestic listed shares	$ 120,131	$ 110,990
－Trust Beneficiary Certificate	-	15,007
－Financial Products	23,745	10,486
Hybrid Financial Assets		
－Convertible Bonds	$ 15,592	$ -
Derivative instruments（non-hedge accounting）		
－Convertible option	840	-
	$ 160,308	$ 136,483
Financial liabilities - current		
Held for trading		
Derivative instruments（non-hedge accounting）		
－ Foreign Exchange Forward Contract	$ 7,278	$ 3,423
－Convertible option	-	2,640
	$ 7,278	$ 6,063

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting for the balance sheet were as follows:

December 31, 2020

	Currency	Maturity Date	Notional Amount（In Thousands）
Sell	USD/NTD	2020.11.05~2021.01.11	USD 20,000/NTD 571,840
Sell	USD/NTD	2020.11.19~2021.01.25	USD 10,000/NTD 285,060

December 31, 2019

	Currency	Maturity Date	Notional Amount（In Thousands）
Sell	USD/NTD	2019.12.02~2020.01.06	USD 10,000/NTD 304,870

The Group entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities.

VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - OTHERS

	December 31, 2020	December 31, 2019
Non-current		
Domestic Investments		
Listed shares	$ 664,480	$ 683,239
Unlisted shares	70,214	148,484
Total	734,694	831,723
Overseas Investment		
Listed shares	74,926	127,498
Unlisted shares	115,668	228,768
Total	190,594	356,266
	$ 925,288	$ 1,187,989

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

IX. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31, 2020	December 31, 2019
Current		
Domestic Investment		
Time deposits with original maturities of more than 3 months (1)	$ 3,274	$ 55,921
Non-current		
Domestic Investment		
Standard Chartered Subordinated Bond (2)	$ 132,652	$ 141,167
Time deposits with original maturities of more than 3 months (1)	40,000	24,327
	$ 172,652	$ 165,494

(I) As of 2020 and December 31, 2019, the annual interest rate for time deposits with original maturities of more than 3 months are within the ranges of 0.18%~0.35% and 0.48%~1.065

(II) In February 2016, the Group purchased Standard Chartered Bank Subordinated Bond at a nominal value of USD4,600 thousand. The maturity date is January 25, 2022. The coupon rate is 5.7%, and the effective interest rate is 4.49%.

(III)Please see Note 33 for more details on financial assets pledged as collateral measured at amortized cost.

X.NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2020	December 31, 2019
Notes Receivable		
Arising from operations	$ -	$ 43,732
Accounts Receivables		
At Amortized Cost	$ 5,888,881	$ 3,999,767
Less: Allowance for impairment loss	(509)	(21,119)
	$ 5,888,372	$ 3,978,648

The average credit period on sales of goods is 90 days with no accrued interest. The allowance for doubtful receivables was assessed by referring to the collectability of receivables based on an individual trade term analysis, aging analysis, the historical payment behavior and current financial condition of customers.

The Group measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit losses.The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

In the event there is an evidence indicating that the customer is under severe financial difficulty and the Group cannot reasonably estimate the recoverable amounts, the Group writes off relevant accounts receivable. However, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, the recoverable amounts are recognized in profit or loss.

The following table details the loss allowance of note receivables and accounts receivables based on the Group’s provision matrix.

December 31, 2020

	Less than 180 Days	181～365 Days	Over 366 Days	Total
Expected Credit Loss Rate	0.01%	0.33%	100%	
Gross carrying amount	$ 5,888,511	$ 303	$ 67	$ 5,888,881
Loss allowance (Lifetime ECL）	(441)	(1)	(67)	(509)
Amortized cost	$ 5,888,070	$ 302	$ -	$ 5,888,372

December 31, 2019

	Less than 180 Days	181～365 Days	Over 366 Days	Total
Expected Credit Loss Rate	0.01%	25.04%	100%	
Gross carrying amount	$ 4,021,196	$ 2,013	$ 20,290	$ 4,043,499
Loss allowance (Lifetime ECL）	(603)	(226)	(20,290)	(21,119)
Amortized cost	$ 4,020,593	$ 1,787	$ -	$ 4,022,380

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

	December 31, 2020	December 31, 2019
Balance, beginning of year (Jan. 01)	$ 21,119	$ 17,845
Add: Acquire Subsidiary	-	4,309
Less: Net remeasurement of loss allowance	(47)	(1,035)
Less: Disposal of Subsidiary	(20,563)	-
Balance, end of year (Dec. 31)	$ 509	$ 21,119

XI. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	$ 365,620	$ 243,849
Work in process	596,129	242,879
Raw materials and supplies	3,180,444	1,786,216
Inventory in transit	47,112	29,222
	$ 4,189,305	$ 2,302,166

As of December 31, 2020 and 2019, the cost of inventories recognized as cost of goods sold were NT$17,663,796 thousand and NT$16,284,640 thousand, respectively. Loss (gain) on reversal of write-downs were $30,661 thousand and $(16,541) thousand, respectively. Increase in net realisable value of inventories was due to inventory write-off.

XII. SUBSIDIARIES

(I) Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership 2020 December 31	% of Ownership 2019 December 31
Gemtek Technologies Co., Ltd.	Brightech International Co., Ltd.	Investment	100.00%	100.00%
Gemtek Technologies Co., Ltd.	G-Technology Investment Co., Ltd.	Investment	100.00%	100.00%
Gemtek Technologies Co., Ltd.	Gemtek Investment Co.,Ltd	Investment	100.00%	100.00%
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Telecommunications	100.00%	100.00%
Gemtek Technologies Co., Ltd.	AMPAK Technology Inc.	Telecommunications	-	59.98%
Gemtek Investment Co.,Ltd	AMPAK Technology Inc.	Telecommunications	-	14.90%
Gemtek Investment Co.,Ltd	5V Technologies, Ltd.	Telecommunications	97.92%	-
Brightech International Co., Ltd.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	80.46%	80.46%
G-Technology Investment Co., Ltd.	Gemtek Electronics Kunshan Co., Ltd.	Telecommunications	100.00%	100.00%
G-Technology Investment Co., Ltd.	AMPAK International Holdings Ltd.	Investment	100.00%	100.00%
G-Technology Investment Co., Ltd.	Primax Communication (B.V.I.) Inc.	Investment	100.00%	100.00%
G-Technology Investment Co., Ltd.	Gemtek CZ., s.r.o.	Telecommunications	100.00%	100.00%
AMPAK International Holdings Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Telecommunications	100.00%	100.00%
Primax Communication (B.V.I.) Inc.	Gemtek Electronics (Suzhou) Co. Ltd.	Telecommunications	19.54%	19.54%
AMPAK Technology Inc.	SparkLAN Communications, Inc.	Telecommunications	-	100.00%

On June 9, 2020, the shareholders meeting of the Group passed the resolution proposed by the Company and Gemtek Investment Co.,Ltd to release a total of 25,000 thousand shares from AMPAK Technology Inc. In August 2020, 26.61% and 14.90% of the shareholdings of AMPAK Technology Inc. were sold respectively, and the subscription of shares was completed, decreasing its shareholding ratio from 74.88% to 33.37%. As a result, the Group lost control over AMPAK Technology Inc. and its subsidiaries, hence, the above companies are excluded from the combined entity. Please see Note 28 for more details regarding equity shares of AMPAK Technology Inc.

In January 2020, the Group acquired 97.92% of the shareholdings of 5V TECHNOLOGIES, TAIWAN LTD. by NT$90,000 thousand in cash. Please see Note 27 for more details on the acquisition of 5V TECHNOLOGIES, TAIWAN LTD.

On August 23, 2019, the Group obtained 100% shareholdings of SparkLAN Communications Inc. via Ampak Technology Inc. by means of cash and issuance of equity instruments, and has since included SparkLAN Communications Inc. in the Group’s consolidated reports. However, the Group did not subscribe for the new shares issued by Ampak Technology Inc. based on the shareholding ratio, as a result, its comprehensive shareholding ratio decreased to 74.88%.

The condolidated financial statements of the Group as of December 31, 2020 and 2019, which includes the financial statements of its subsidiaries, have been duly audited for the same year.

(II) Subsidiaries not included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership 2020 December 31	% of Ownership 2019 December 31
Gemtek Technologies Co., Ltd.	Wi Tek Investment Co., Ltd.	Investment	100.00%	100.00%
G-Technology Investment Co., Ltd.	PT. South Ocean	Telecommunications	95.00%	95.00%
Wi Tek Investment Co., Ltd.	Browan Communications (Xi'An) Inc.	Telecommunications	100.00%	100.00%

As of 2020 and December 31, 2019, the Group held 100% of Wi Tek Investment Co., Ltd., and its total assets were NT$20,950 thousand and NT$30,276 thousand, accounting for 0.10% and 0.21% of consolidated assets, respectively. Operating incomes were NT$0 for both years, accounting for 0% of the consolidated total operating income. As a result, Wi Tek Investment Co., Ltd. was not included in the consolidated financial statements of the Group.

As of 2020 and December 31, 2019, the Group held 95% of PT. South Ocean, and its total assets were NT$2,613 thousand and NT$2,751 thousand, accounting for 0.01% and 0.02% of consolidated assets, respectively. Operating incomes were NT$0 for both years, accounting for 0% of the consolidated total operating income. As a result, PT. South Ocean was not included in the consolidated financial statements of the Group.

As of 2020 and December 31, 2019, the Group held 100% of the shares of Browan Communications (Xi'An) Inc. through Wi Tek Investment Co., Ltd., and its total assets were NT$22,614 thousand and NT$32,263 thousand, accounting for 0.11% and 0.22% of consolidated assets, respectively. Operating incomes were NT$1,441 thousand and NT$2,056 thousand, accounting for 0.01% and 0.01% of the consolidated total operating income, respectively. As a result, Browan Communications (Xi'An) Inc. was not included in the consolidated financial statements of the Group.

XIII. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2020	December 31, 2019
Investment in subsidiaries	$ 23,565	$ 33,027
Investment in associates	1,087,598	41,286
	$ 1,111,163	$ 74,313

(I) Investment in subsidiaries

	December 31, 2020	December 31, 2019
Unlisted Company		
Wi Tek Investment Co., Ltd.	$ 20,951	$ 30,276
PT. South Ocean	2,614	2,751
	$ 23,565	$ 33,027

Proportion of ownership and voting rights:

	December 31, 2020	December 31, 2019
WiTek Investment Co., Ltd.	100.00%	100.00%
PT. South Ocean	95.00%	95.00%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2020 and 2019 was based on the subsidiaries' financial statements which have been audited for the same year.

Please refer to Note 12 for details on subsidiaries that are not included in the consolidated financial statement. For more information regarding the nature of activities, principal place of business and country of incorporation of the associates, please refer to Attachment 6. ◦

(II) Investments in associates

	December 31, 2020	December 31, 2019
Investor has significant influence over associate		
AMPAK Technology Inc.	$ 1,048,268	$ -
Investor as no significant influence over associate		
Free PP Worldwide Co., Ltd.	13,930	15,688
BANDRICH, INC.	5,389	8,124
BROWAN COMMUNICATIONS INCORPORATION	20,011	17,474
	$ 1,087,598	$ 41,286

1. Investor has significant influence over associate：

Company Name	Proportion of ownership and voting rights December 31, 2020
AMPAK Technology Inc.	33.37%

For more information regarding the nature of activities, principal place of business and country of incorporation of the associates, please refer to Table 6.。

In August 2020, the Group sold 41.51% of the shareholdings of AMPAK Technology Inc., its shareholding ratio was decreased to 33.37% as a result. The dramatic change in ownership percentage is presumed to have significant influence over the investee, therefore the change of percentage was included in the investment in associates using the equity method.

Summarized financial information in respect of each of the Group’s material associates is set out below. The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

AMPAK Technology Inc.

	December 31, 2020
Current assets	$ 1,336,964
Non-current assets	524,035
Current liabilities	(619,704)
Non-current liabilities	(8,511)
Equity	$ 1,232,784
Proportion of the Group’s ownership	33.37%
Equity attributable to the Group	$ 411,397
Goodwill	636,871
Carrying amount	$ 1,048,268

(Continued)

	December 31, 2020
Operating revenue	$ 2,417,460
Net profit for the year	$ 286,468
Other comprehensive income	4,158
Total comprehensive income for the year	$ 290,626
Equity obtained from AMPAK Technology Inc.	$ 40,201

2. Investor has no significant influence over associate：

	2020	2019
Shares attributable to the Group		
Total comprehensive income for the year	$ 40,996	($ 43,280)

The Group previously has held 25% equity of PCL (Hsinchu) Co., Ltd. In November 2019, PCL (Hsinchu) Co., Ltd. implemented a cash increase subsequent to a capital reduction to cover losses. However, as the Group did not participate in the subscription of shares based on its existing shareholding proportion, its percentage of ownership decreased from 25% to 15.14% resulting in the loss of significant influence. The fair value of the remaining 15.14% of the equity held by the Group on the disposal date was NT$35,543 thousand, which its financial assets were therefore measured at fair value through other comprehensive gains and losses.

BROWAN COMMUNICATIONS INCORPORATION, an investee of the Group, increased its capital by NT$60,000 thousand in cash in January 2019. The Group did not participate in the subscription of shares based on its existing shareholding proportion, but rather subscribed in cash increase by NT$40,000 thousand, resulting in the shareholding percentage to increase to 45.69%.

The investments in associates accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2020 and 2019 were based on the associates' financial statements which have been audited for the same year.

XIV. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in progress and equipments pending acceptance	Total
Cost						
Balance on January 01, 2019	$ 313,818	$ 3,036,682	$ 1,660,182	$ 1,309,616	$ 19,941	$ 6,340,239
Additions	-	44,307	189,791	105,246	66,901	406,245
Disposals	-	(3,489)	(221,704)	(84,186)	-	(309,379)
Acquired from business combination	-	-	1,965	4,851	-	6,816
Prepayments for business facilities	-	-	2,313	3,556	-	5,869
Reclassification	(59,849)	18,687	5,455	2,217	(26,359)	(59,849)
Effect of foreign currency exchange differences	5,310	(47,458)	(56,958)	(38,304)	497	(136,913)
Balance on December 31, 2019	$ 259,279	$ 3,048,729	$ 1,581,044	$ 1,302,996	$ 60,980	$ 6,253,028
Accumulated depreciation and impairment						
Balance on January 01, 2019	$ -	$ 1,184,062	$ 1,213,873	$ 1,055,549	$ -	$ 3,453,484
Disposals	-	(3,240)	(184,132)	(74,396)	-	(261,768)
Depreciation expenses	-	118,069	88,486	76,502	-	283,057
Acquired from business combination	-	-	1,965	3,993	-	5,958
Effect of foreign currency exchange differences	-	(26,710)	(39,213)	(29,256)	-	(95,179)
Balance on December 31, 2019	$ -	$ 1,272,181	$ 1,080,979	$ 1,032,392	$ -	$ 3,385,552
Net value on December 31, 2019	$ 259,279	$ 1,776,548	$ 500,065	$ 270,604	$ 60,980	$ 2,867,476
Cost						
Balance on January 01, 2020	$ 259,279	$ 3,048,729	$ 1,581,044	$ 1,302,996	$ 60,980	$ 6,253,028
Additions	-	18,748	246,929	184,594	373,370	823,641
Disposals	-	(6,138)	(123,231)	(142,584)	-	(271,953)
Acquired from business combination	-	-	2,934	1,038	-	3,972
Received prepayments for business facilities	-	-	14,359	494	-	14,853
Disposal of subsidiary	-	-	(53,891)	(14,438)	-	(68,329)
Reclassification	-	69,818	251,624	22,310	(343,752)	-
Effect of foreign currency exchange differences	-	7,397	3,238	12,734	(3,850)	19,519

Balance on December 31, 2020	$ 259,279	$ 3,138,554	$ 1,923,006	$ 1,367,144	$ 86,748	$ 6,774,731
Accumulated depreciation and impairment						
Balance on January 01, 2020	$ -	$ 1,272,181	$ 1,080,979	$ 1,032,392	$ -	$ 3,385,552
Disposals	-	(3,909)	(111,858)	(121,389)	-	(237,156)
Depreciation expenses	-	112,264	124,330	83,777	-	320,371
Acquired from business combination	-	-	582	833	-	1,415
Disposal of subsidiary	-	-	(41,349)	(11,752)	-	(53,101)
Effect of foreign currency exchange differences	-	10,295	12,496	9,701	-	32,492
Balance on December 31, 2020	$ -	$ 1,390,831	$ 1,065,180	$ 993,562	$ -	$ 3,449,573
Net value on December 31, 2020	$ 259,279	$ 1,747,723	$ 857,826	$ 373,582	$ 86,748	$ 3,325,158

No impairment assessment was performed for the years ended December 31, 2020 and 2019 as there were no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Main buildings	50 years
Others	3~50 years
Machinery and equipment	2~10 years
Miscellaneous equipment	2~10 years

XV. LEASE ARRANGEMENTS

(I) Right-of-use Assets

	December 31, 2020	December 31, 2019
Carrying amounts		
Land	$102,854	$107,724
Building	6,893	10,239
Transportation equipment	1,413	1,313
	$111,160	$119,276

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 11,847	$ 1,065
Depreciation charge for right-of-use assets		
Land	$ 2,860	$ 3,125
Buildings	5,343	4,237
Transportation equipment	835	981
	$ 9,038	$ 8,343

(II) Lease Liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current	$ 3,012	$ 6,533
Non-current	$ 4,528	$ 5,126

Range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Buildings	0.79%~1.39%	1.39%~1.50%
Transportation equipment	0.79%~4.41%	1.39%~4.41%

(III) Other lease information

	December 31, 2020	December 31, 2019
Expenses related to short-term leases	$ -	$ 418
Expenses related to low-value asset leases	$ -	$ 115
Total cash outflow for leases	($ 6,170)	($ 5,918)

The Group leases certain transportation equipment which qualify as short-term leases and certain office spaces which qualify as low-value asset leases. The Group elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

For the years ended December 31, 2020 and 2019, the short-term leases qualified for exemption was NT$0.

XVI. OTHER ASSETS

	December 31, 2020	December 31, 2019
Current		
Prepaid expenses	$ 29,717	$ 37,663
Prepayments	9,742	16,447
Temporary debits	9,555	10,666
Excess business tax paid (or Net Input VAT)	267,903	134,985
	$316,917	$199,761
Non-current		
Deferred expenses	$150,154	$144,567
Guarantee deposits paid	6,084	6,760
Overdue receivables	196,741	196,741
Allowance for loss－Overdue receivables	(196,741)	(196,741)
Net defined benefit asset(Note20)	10,596	16,186
Other	49,872	12,552
	$216,706	$180,065

XVII. BORROWINGS

Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured borrowings		
Line of credit borrowings	$ 1,082,240	$ 454,800
Rate of interest per annum (%)	0.64%~0.75%	0.85%~2.15%

XVIII. BONDS PAYABLE

	December 31, 2020	December 31, 2019
5th Domestic unsecured convertible bonds	$ 1,179,157	$ 1,162,082
Less: Current portion due within 1 year	(1,179,157)	-
	$ -	$ 1,162,082

On March 15, 2019, the Company issued its 5th domestic unsecured convertible bond in the amount of $1,200,000 thousand at 100.2% of its par value for 12 thousand units, in which the denomination for the bond is NT$100 thousand. The maturity period is 3 years, with a zero coupon rate.

On December 31, 2020, the conversion price was NT$26.3 per common share, conversion period was from June 16, 2019 to March 15, 2022. After the convertible bonds are issued for 2 years, bondholders may request the Company to redeem the convertible bonds in cash at 100.5% of the bond's face value per sale base date. After 3 months following the offering date of the convertible bonds and up until 40 days prior to its maturity date, if the closing price of the Company’s common stock exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, based on the face value of the bond, exercise its rights to redeem all convertible bonds in cash. After 3 months following the offering date of the convertible bonds and up until 40 days prior to its maturity date, if the outstanding balance of the convertible bonds is less than 10% of the total amount issued, the Company may, based on the face value of the bond, exercise its rights to redeem all convertible bonds in cash. Except for conversions into common stock and early redemptions made by the Company, a lump-sum payment will be given in cash upon maturity.

This convertible bond includes liability and equity components. The equity components are expressed as capital reserve-stock options under equity. The effective interest rate originally recognized for the liability component is 1.46%.

Proceeds from issuance (Less: NT$5,084 thousand transaction cost)	$ 1,197,316
Equity component (Less: NT$193 thousand trading cost allocated to the equity component)	(45,527)
Financial liabilities at fair value through profit or loss－current (Less: NT$13 thousand transaction cost)	(3,107)
Liability component at issue date (Less: NT$4,878 thousand transaction cost allocated to the liability component)	1,148,682
Interest charged at Effective interest rate 1.46%	13,400
Liability component on December 31, 2019	1,162,082
Interest charged at Effective interest rate 1.46%	17,075
Liability component on December 31, 2020	$ 1,179,157

On March 15, 2016, the Company issued its 4th domestic unsecured convertible bond in the amount of $1,000,000 thousand, in which the denomination for the bond is NT$100 thousand. The maturity period is 3 years, with a zero coupon rate.

On December 31, 2018, the conversion price was NT$17.6 per common share, conversion period was from March 15, 2016 to March 15, 2019. After the convertible bonds are issued for 2 years, bondholders may request the Company to redeem the convertible bonds in cash, based on the bond's face value per sale base date. After 1 month following the offering date of the convertible bonds and up until 40 days prior to its maturity date, if the closing price of the Company’s common stock exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, based on the face value of the bond, exercise its rights to redeem all convertible bonds in cash. After 1 month following the offering date of the convertible bonds and up until 40 days prior to its maturity date, if the outstanding balance of the convertible bonds is less than 10% of the total amount issued, the Company may, based on the face value of the bond, exercise its rights to redeem all convertible bonds in cash. Except for conversions into common stock and early redemptions made by the Company, a lump-sum payment will be given in cash upon maturity.

This convertible bond includes liability and equity components. The equity components are expressed as capital reserve-stock options under equity. The effective interest rate originally recognized for the liability component is 1.87%.

Proceeds from issuance (Less: NT$4,829 thousand transaction cost)	$ 994,920
Equity component (Less: NT$220 thousand transaction cost allocated to the equity component)	(43,080)
Financial liabilities at fair value through profit or loss－current (Less: NT$31 thousand transaction cost)	(6,169)
Liability component at issue date (Less: NT$4,829 thousand traansaction cost allocated to the liability component)	945,671
Interest charged at Effective interest rate 1.87%	31,621
Gain on valuation of financial asset	(748)
Bonds payable converted to common shares	(970,836)
Liability component on December 31, 2018	5,708
Interest charged at Effective interest rate 1.87%	62
Bonds payable converted to common shares	(5,770)

Liability component on December 31, 2019	$ -

XIX. OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Other payables-current		
Payables for other expenses	$263,946	$205,979
Payables for salaries and bonuses	449,812	304,140
Other payables – related parties (Note 33)	-	10
	$713,758	$510,129
Other liabilities－current		
Temporary credits	$ 52,858	$ 21,975
Others	9,011	18,043
	$ 61,869	$ 40,018
Other liabilities－non-current		
Others	$ 1,479	$ 9,184

XX. RETIREMENT BENEFIT PLANS

(I) Defined contribution plans

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

(II) Defined benefit plans

The defined benefit plan adopted by the Company and its subsidiaries in accordance with the Labor Standards is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”) and the Group has no right to influence the investment policy and strategy.

Among the Group’s subsidiaries, Gemtek Electronics (Kunshan) Co., Ltd. and Gemtek Electronics (Changshu) Co., Ltd. follow the above plans to contribute an amount equal to the proportion allocated from their employees' salaries, and deposit the total amount into a special pension account. The pension fund is managed by the local statutory insurance agency. When an employee retires, he/she will be eligble to receive the employee's personal pension savings and the Group's relative contributions, plus its accrued interest from the past years.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	December 31, 2020	December 31, 2019
Present Value of the Defined Benefit Obligation	$ 64,604	$ 67,264
Fair Value of the Plan Assets	(75,200)	(83,450)
Net Defined Benefit Asset	($ 10,596)	($ 16,186)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance on January 01, 2019	$ 56,724	($ 73,236)	($ 16,512)
Acquired from business combination	3,067	(4,566)	(1,499)
Service cost			
Current service cost	570	-	570
Interest expense(Income)	671	(895)	(224)
Recognized in profit or loss	1,241	(895)	346
Remeasurement			
Return on plan assets	-	(2,589)	(2,589)
Actuarial gains and losses －changes in	350	-	350

demographic assumptions			
－changes in financial assumptions	1,808	-	1,808
－experience adjustments	4,610	-	4,610
Recognized in other comprehensive income	6,768	(2,589)	4,179
Contributions from the employer	-	(2,700)	(2,700)
Benefits paid	(536)	536	-
Balance on December 31, 2019	67,264	(83,450)	(16,186)
Disposal of subsidiary	(4,387)	10,295	5,908
Service cost			
Current service cost	573	-	573
Interest expense(income)	503	(585)	(82)
Recognized in profit or loss	1,076	(585)	491
Remeasurement			
Return on plan assets	-	(2,313)	(2,313)
Actuarial gains and losses			
－changes in demographic assumptions	444	-	444
－changes in financial assumptions	2,219	-	2,219
－experience adjustments	1,578	-	1,578
Recognized in other comprehensive income	4,241	(2,313)	1,928
Contributions from the employer	(3,590)	3,590	-
Benefits paid	-	(2,737)	(2,737)
Balance on December 31, 2020	$ 64,604	($ 75,200)	($ 10,596)

The amounts of defined benefit plans recognized in profit or loss by function were as follows:

	December 31, 2020	December 31, 2019
Operation cost	$ 154	$ 117
Promotion expense	36	16
Management expense	104	83
R&D expense	197	130
	$ 491	$ 346

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

1. Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.350%	0.800%～0.875%
Expected rates of future salary increase	3.250%	2.500%～3.500%

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

	December 31, 2020	December 31, 2019
Discount rate		
Increase 0.25%	($ 1,254)	($ 1,407)
Decrease 0.25%	$ 1,298	$ 1,456
Expected rates of future salary increase		

Increase 0.25%	$ 1,227	$ 1,385
Decrease0.25%	($ 1,193)	($ 1,346)

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

	December 31, 2020	December 31, 2019
The expected contributions to the plan for the next year	$ 2,737	$ 2,700
The average duration of the defined benefit obligation	12年	12 year～13.6 year

XXI.EQUITY

(I) Share capital

Common stock

	December 31, 2020	December 31, 2019
Authorized shares（in thousands）	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000
Issued and paid shares (in thousands)	357,591	356,884
Issued capital	$ 3,575,905	$ 3,568,835

A holder of issued ordinary shares with par value of NT$10 is entitled to the proportional rights to vote and to dividends.

Bondholders had exercised the right to convert the Company's 4th domestic unsecured convertible bonds, the number of ordinary shares exchanged were 5,722 thousand shares, 2,125 thousand shares, 4,722 thousand shares and 23,595 thousand shares, in which the capital increase base dates were on March 21, 2019, November 8, 2018, August 10, 2018, and March 19, 2018, respectively..

On June 09, 2020, the Company’s regular shareholders’ meeting approved the issuance of employee restricted stock at an estimated total of 4,000 thousand shares, with a par value of NT$10, which the total amount is NT$40,000 thousand.The above transaction was approved by the FSC, under Authorization Letter Jinguanzheng Fazi No. 1090349323 effective on July 14, 2020, and the subscription base date was to be set on August 07, 2020 as determined by the Board of Directors. In addition, on August 7, 2020, the Company's Board of Directors resolved to reduce capital by cancelling 3,293 thousand treasury shares. The base date for capital reduction was on August 7, 2020.

(II) Capital Surplus

	December 31, 2020	December 31, 2019
Shares premium from issuance	$ 1,448,441	$ 1,662,189
Conversion premium	2,846,020	2,846,020
Recognition of changes in ownership interests in subsidiaries	50,516	50,516
Recognition of changes in investment in subsidiaries and associates by using the equity method	5,990	5,990
Share option	45,527	45,527
Employee restricted stock	58,474	-
Expired share option	150,566	150,566
Others	473	473
	$ 4,606,007	$ 4,761,281

The capital surplus arising from shares issued in excess of par value (including share premium from issuance of ordinary shares), and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and once a year).

The capital surplus arising from investments, employee share options, and convertible bonds options accounted for equity method may not be used for any purpose.

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 23-8 employee benefits and remuneration of directors.

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

Under FSC Authorization Letters Jinguanzheng Fazi No. 1010012865 and No. 1010047490, and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

The appropriation of earnings for 2019 and 2018 were approved by the shareholders' general meetings on June 09, 2020 and June 18, 2019, respectively. The appropriations were as follows:

	Appropriation of Earnings	
	For the year ended 2019	For the year ended 2018
Legal reserve	$ 20,119	$ -
Special reserve	183,614	180,682

In addition, the shareholders' meeting on June 09, 2020 resolved to distribute NT$177,911 thousand capital reserve in cash, and to allocate NT$0.5 per share.

The appropriation of the 2020 earnings had been proposed by the Company's board of directors on March 25, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends per share (NT$)
Legal reserve	$127,330	
Special Reserve	746,328	
Cash dividend	357,666	$ 1

The Company's board of directors proposed to issue cash dividends from capital surplus of $357,666 thousand, and to allocate NT$1 per share. The appropriations of earnings for 2020 are subject to the resolution of the shareholders' meeting that is to be held on June 18, 2021.

(IV) Special reserve

	For the year ended 2020	For the year ended 2019
Beginning balance	$375,960	$195,278
Appropriated special reserve		
Other deducted equity items	183,614	180,682
Ending balance	$559,574	$375,960

Upon the initial adoption of the IFRSs, the reversal of special reserve appropriated due to exchange differences resulting from translation of financial statements of a foreign operation (including subsidiaries) shall be based on the Group's disposal of ownership. In the event that the Group loses significant influence, the special reserve will be fully reversed. When distributing the earnings, the difference between the net deduction of other shareholders' equity and the special reserve appropriated during the initial adoption of the IFRSs should be added to the special reserve at the end of the reporting period. Thereafter, earnings may be distributed based on the reversal of the deduction balance of other shareholders' equity.

(V)Other equity items

1. Exchange differences on translating the financial statements of foreign operations

	For the year ended 2020	For the year ended 2019
Beginning balance	($ 497,082)	($ 351,769)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(21,747)	(142,959)
Changes in investments in subsidiaries	-	(2,349)
Share of subsidiaries and associates accounted for using the equity method	($ 32)	($ 838)
Changes in investments in subsidiaries and associates accounted for using the equity method	-	833
Disposal of subsidiaries	3,908	-
Ending balance	($ 514,953)	($ 497,082)

2. Unrealized gain (loss) on financial assets at FVTOCI (fair value through other comprehensive income)

	For the year ended 2020	For the year ended 2019
Beginning balance	($ 726,028)	($ 386,694)
Recognized for the year		
Unrealized gain or loss		
Equity instruments	(143,312)	(10,967)
Share of subsidiaries and associates accounted for using the equity method	(16,604)	(315,317)
Disposal of subsidiaries	4,636	-
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	90,360	(13,050)
Ending balance	($ 790,948)	($ 726,028)

3. Unearned compensation

On June 9, 2020, the shareholders' meeting resolved to issue employee restricted stocks. Please see Note 26 for more details.

	For the year ended 2020	For the year ended 2019
Beginning balance	$ -	$ -
Issued for the year	(98,474)	-
Recognized share-based payment expenses	22,649	-
Ending balance	($ 75,825)	$ -

(VI) Non-controlling interests

	For the year ended 2020	For the year ended 2019
Beginning balance	$ 270,356	$ 39,586
Net income	37,419	8,780
Other comprehensive income		
Exchange differences on translating the financial statements of foreign operations	(53)	(130)
Unrealized gain or loss from financial assets measured at fair value through other comprehensive income	(587)	(968)
Remeasurement of defined benefit plans	-	(91)
Capital decrease refunded by subsidiary	-	(13,960)
Change in investment in subsidiary	-	(60,582)
Disposal of subsidiary	(307,367)	-
Issuance of equity instrument by subsidiary	-	297,412
Acquisition of non-controlling interests in subsidiaries（Note 27）	364	-
Outstanding stock options held by the employees of subsidiaries related to non-controlling interests (Note 26)	-	309
Ending balance	$ 132	$ 270,356

(VII) Treasury Stock

Purpose	Cancelled after repurchase（in thousands of shares）
To maintain the company's credit and shareholders' rights and interests	
Number of shares on January 01, 2020	-
Increased for the period	3,293
Decreased for the period	(3,293)
Number of shares on December 31, 2020	-

In order to maintain the company's credit and shareholders' rights and interests, on March 23, 2020, the Company's board of directors decided to buy back and cancel 20,000 thousand treasury shares from the centralized securities exchange market beginning from March 24, 2020 to May 23, 2020. The repurchase price was set between NT$13.8~26 per share. In the case that the stock price should be lower than the lowest repurchase price, the company may continue to execute the repurchasing of shares. The total amount of shares repurchased is expected to be capped at NT$5,593,801 thousand.

As of December 31, 2020, the Company has repurchased a total of 3,293 thousand shares, amounting to NT$68,767 thousand. On August 7, 2020, the board of directors resolved to cancel the 3,293 thousand treasury shares, in addition to the completion of relevant changes in registration with the authority.

According to the provisions of the Securities Exchange Law, treasury stocks cannot be pledged by the corporation, nor have the eligibility to claim dividends and voting rights.

XXII. REVENUE

	For the year ended 2020	For the year ended 2019
Revenue from contracts		
Revenue from product sales	$ 19,929,372	$ 18,057,131

(I)Contract balance

	December 31, 2020	December 31, 2019	January 01, 2019
Notes receivable (Note 10）	$ -	$ 43,732	$ 48,507
Notes receivable－related parties (Note 32）	11,250	-	-
Account receivable (Note10)	5,888,372	3,978,648	5,707,086
Account receivable - related parties (Note 32）	112,537	60,969	16,817
	$ 6,012,159	$ 4,083,349	$ 5,772,410
Contract liabilities - current			
Product sales	$ 218,433	$ 243,802	$ 105,493

(II) Details on revenue from contracts

Please see note 37.

XXIII. PROFIT BEFORE INCOME TAX

Net profit (loss) from continuing operations include the following items:

(I) Interest income

	For the year ended 2020	For the year ended 2019
Bank deposit	$ 27,033	$ 43,839

(II) Other income

	For the year ended 2020	For the year ended 2019
Rental incomes	$ 7,234	$ 1,375
Dividends	6,552	8,204
Government grants	59,630	-
Other income	43,789	44,526
	$117,205	$ 54,105

(III) Other gains and losses

	For the year ended 2020	For the year ended 2019
Gain (loss) on financial assets and liabilities measured at FVTPL	($ 7,786)	$ 270,036
Gain (loss) on disposal of investments	-	9,677
Gain (loss) on disposal of subsidiaries	1,033,557	-
Foreign currency exchange gain (loss)	(50,932)	(43,313)
Loss on disposal of property, plant and equipment	(2,480)	(13,603)
Others	(11,869)	(3,291)
	$ 960,490	$ 219,506

(IV) Finance costs

	For the year ended 2020	For the year ended 2019
Interest from bank loans	$ 30,708	$ 54,741
Interest from lease liabilities	135	223
	$ 30,843	$ 54,964

(V) Impairment loss（reverse）

	For the year ended 2020	For the year ended 2019
Reversal of accounts receivable recognised in profit or loss	($ 47)	($ 1,035)
Inventory（includes operating cost）	$ 30,661	($ 16,541)

(VI) Depreciation and amortization

	For the year ended 2020	For the year ended 2019
Property, plant and equipment	$ 320,371	$ 283,057
Right-of-use assets	9,038	8,343
Deferred expenses	89,720	64,587
	$ 419,129	$ 355,987
Depreciation Expenses by Function		
Operating costs	$ 224,384	$ 194,556

Operating expenses	105,025	96,844
	$ 329,409	$ 291,400
Amortization expenses by function		
Operating costs	$ 27,840	$ 6,816
Operating expenses	61,880	57,771
	$ 89,720	$ 64,587

(VII) Employee Benefits Expenses

	For the year ended 2020	For the year ended 2019
Post-employment benefits		
Defined contribution plans	$ 56,857	$ 86,847
Defined benefit plans (Note 20)	491	346
	57,348	87,193
Share-based payments		
Equity-settled	22,649	1,560
Other employee benefit	2,112,899	1,990,548
Total employee benefits expenses	$ 2,192,896	$ 2,079,301
Employee benefits expense by function		
Operating cost	$ 979,369	$ 994,418
Operating expense	1,213,527	1,084,883
	$ 2,192,896	$ 2,079,301

(VIII) Employee compensation and Remuneration of Board of Directors

In compliance with the Articles of incorporation, the Company shall, after deducting the employee bonuses and renumeration benefits of directors from the current year's pre-tax benefits, allocate at least 13.5% for employee profit sharing bonuses and no more than 1.8% for the renumeration benefits of directors. The board of directors have resolved the accrual of employee compensation and remuneration of board of directors for the years ended December 31, 2020 and 2019 on March 25, 2021 and March 10, 2020, respectively, as follows:

Accrual Rate

	For the year ended 2020	For the year ended 2019
Employee compensation	13.5%	13.5%
Remuneration of Directors	1.8%	1.8%

Amount

	For the year ended 2020	For the year ended 2019
	Cash	Cash
Employee compensation	$232,646	$ 32,207
Remuneration of Directors	31,019	4,294

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meetings and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXIV. INCOME TAXES RELATING TO CONTINUING OPERATIONS

(I) Major components of tax expense recognized in profit or loss:

	For the year ended 2020	For the year ended 2019
Current income tax		
In respect of the current year	$ 128,147	$ 65,704

Income tax on unappropriated earnings	-	347
Adjustments for prior years	621	2,314
	128,768	68,365
Deferred tax		
In respect of the current year	19,208	4,217
Adjustments for prior years	17,622	-
Income tax expense recognized in profit or loss	$ 165,598	$ 72,582

A reconciliation of accounting profit and income tax expense is as follows:

	For the year ended 2020	For the year ended 2019
Income before income tax from continuing operations	$ 1,573,172	$ 282,555
Income tax expense calculated at the statutory rate	$ 397,572	$ 129,600
Nondeductible expenses in determining taxable income	1,895	12,399
Tax-exempt income	(273,897)	(93,583)
Additional income tax under the basic income	24,322	18,290
Income tax on unappropriated earnings	-	347
Unrecognized temporary differences	(2,537)	4,336
Investment tax credits used	-	(1,121)
Adjustments for prior years' tax	18,243	2,314
Income tax expense recognized in profit or loss	$ 165,598	$ 72,582

(II) Current tax asset and liability

	For the year ended 2020	For the year ended 2019
Current tax asset		
Tax refund receivable	$ 1,236	$ 5,165
Current tax liability		
Income tax payable	$ 80,331	$ 58,055

(III) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Disposal of Subsidiary	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Write-down of inventories	$ 40,354	($ 28,631)	($ 9,141)	($ 95)	$ 2,487
Allowance for loss exceeded	15,527	(2,856)	(7,129)	-	5,542
Loss carryforwards	47,306	-	(17,622)	-	29,684
Unrealized exchange gains and losses	2,234	(859)	(1,375)	-	-
Others	3,918	-	(830)	40	3,128
	$ 109,339	($ 32,346)	($ 36,097)	($ 55)	$ 40,841
Deferred tax liabilities					
Temporary differences					
Profit and loss from investments in overseas investees accounted for using the equity method	$ 205,313	$ -	$ -	$ -	$ 205,313
Unrealized exchange gains and losses	1,717	(28)	(64)	-	1,625
Others	14,667	(4)	797	223	15,683
	$ 221,697	($ 32)	$ 733	$ 223	$ 222,621

For the year ended December 31, 2019

	Opening Balance	Acquisition from business combination	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Write-down of inventories	$ 41,318	$ 5,263	($ 4,609)	($ 1,618)	$ 40,354
Allowance for loss exceeded	11,137	680	3,710	-	15,527
Loss carryforwards	53,199	-	(5,893)	-	47,306
Unrealized exchange gains and losses	-	-	2,234	-	2,234
Investment tax credits	-	-	-	-	-
Others	1,196	-	2,343	379	3,918
	$ 106,850	$ 5,943	($ 2,215)	($ 1,239)	$ 109,339
Deferred tax liabilities					
Temporary differences					
Profit and loss from investments	$ 205,313	$ -	$ -	$ -	$ 205,313

in overseas investees accounted for using the equity method					
Unrealized exchange gains and losses	3,643	1,304	(3,230)	-	1,717
Others	9,134	-	5,232	301	14,667
	$ 218,090	$ 1,304	$ 2,002	$ 301	$ 221,697

(IV) Deductible temporary differences, unused loss carryforwards, and unused investment tax credits for which no deferred tax assets have been recognized in the balance sheets.

	For the year ended 2020	For the year ended 2019
Loss carryforwards		
2023	$ 35,889	$ 36,316
2027	14,084	14,084
Deductible temporary differences		
Impairment loss on financial assets measured by cost	93,665	93,665
	$143,638	$144,065

(V) Details on unused loss carryforwards, unused investment tax credits, and tax exemptions.

	For the year ended 2020	For the year ended 2019
Loss carryforwards		
2027	$140,306	$177,283
2029	8,109	59,244
	$148,415	$236,527

(VI) The information of temporary differences associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2020 and 2019, the taxable temporary differences associated with subsidiaries for which no deferred tax liabilities have been recognized were NT$109,181 thousand and NT$96,498 thousand, respectively.

(VII) Income tax assesments

The tax return filing of 5V TECHNOLOGIES, TAIWAN LTD. as of 2019 and previous years have been assessed by the tax authorities. The tax return filing of Gemtek Technology Co., Ltd. and Gemtek Investment Co. Ltd. as of 2018 and previous years have been assessed by the tax authorities.

XXV. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the year ended 2020	For the year ended 2019
Basic earnings per share from continuing operations	$ 3.86	$ 0.57
Diluted earnings per share from continuing operations	$ 3.36	$ 0.53

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Current net income

	For the year ended 2020	For the year ended 2019
Net income attributable to owners of the company	$ 1,370,155	$ 201,193
Effect of potentially dilutive ordinary shares:		
Interest after tax for convertible bonds	13,660	10,769
Net income in computation of diluted earnings per share	$ 1,383,815	$ 211,962

Ordinary shares — Unit: Thousand Shares

	For the year ended 2020	For the year ended 2019
Weighted average number of ordinary shares in computation of basic earnings per share	354,868	355,629
Effect of potentially dilutive ordinary shares:		
Convertible bonds	45,627	45,864
Employee restricted stock	4,000	-
Employee compensation	7,909	1,248
Weighted average number of ordinary shares used in the computation of diluted earnings per share	412,404	402,741

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXVI. SHARE-BASED PAYMENT ARRANGEMENTS

(I) New Employee Restricted Stock

On June 09, 2020, the annual shareholders' meeting of the Company approved the issuance of New Employee Restricted Stocks with a total amount of NT$40,000 thousand, that is 4,000 thousand shares to be issued at issue price of NT$10 per share. Followed by the approval letter Jinguanzheng Fazi No. 1090349323 issued by the Financial Supervisory Commission, Executive Yuan on July 14, 2020, the board of directors therefore determined August 7, 2020 as the capital increase base date.

If an employee still serves the Company after the subscription of New Employee Retricted Stock, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the reasonable targets set out by the Company for the preceding year, the following ratio of shares for each vesting anniversary are:

1. 1st anniversary： 30% of subscription；

2.2nd anniversary：30% of subscription；

3.3rd anniversary：40% of subscription。

Vesting restrictions if conditions have not been fulfilled:

1. Measures to be taken when employees fail to meet the vesting conditions:

(1) Before vesting conditions are met, employee restricted stocks received by the employee are not to be sold, mortgaged, transferred, gifted, pledged, or otherwise sanctioned except in the event of inheritance.

(2) The attendance, proposal, speech, and voting rights of the shareholders meeting shall be implemented in accordance with the trust custody agreement. Any cash dividends, stock dividends, and capital reserve cash (stocks) allocated to the New Employee Restricted Stocks shall be placed under the custody of the trust. For those New Employee Restricted Stocks whom their owners have not yet fulfilled the vesting conditions, the cash dividends, stock dividends, and capital reserves (stocks) generated shall be forfeited and being reclaimed or cancelled by the Company in accordance with relevant laws and regulations.

2.Based upon the above trust custody agreement, employees who have received New Employee Restricted Stocks are eligible to retain certain rights, including but not limited to: the right to receive dividends, bonuses, and capital reserves, the right to subscribe shares for cash increase, and voting rights, which are equivalent to the rights of common shares issued by the Company.

3. New Employee Restricted Stocks that are issued in accordance with this arrangement shall be handled via trust and custody before vesting conditions are fulfilled.

(II) Employee Stock Option Plans for Subsidiary's

In June 2019, AMPAK Technology Inc. granted 4,000 thousand stock option units to its employees. Each unit received is eligible to subscribe 1 common stock. The recipients of such stock options include the employees of AMPAK Technology Inc. and qualified employees of the Company. The subscription period for the stock option is 6 months. The holder of the stock option certificate can exercise all rights pertaining to the stock option beginning from the day after receipt until the expiration of the certificate. The exercise price of the stock options will not affected by changes in the Company's common shares.

Employee stock options:

	For the year 2019 January 01 to December 31	
Employee stock options	Unit（thousands）	Weighted average exercise price （NT$）
Outstanding, beginning	-	$ -
Granted during the period	4,000	12.77
Exercised during the period	(4,000)	
Outstanding, ending	-	
Weighted average fair value of options granted(NT$)	$ 0.39	

AMPAK Technology Inc. administered the Employee Stock Option plan for 2019 June based upon the Black Scholes Option Pricing Model. The input variables are as follows:

	2019 June
Spot price	NT$13.16
Strike price	NT$12.77
Expected volatility	26.01%
Time to maturity	0.0041Years
Expected dividend yield	-%
Risk-free rate	0.8%

In 2019, the remuneration cost recognized was NT$1,560 thousand, which was added to the capital reserve. The Company recognized all equity changes in subsidiaries and increased the capital reserve by NT$1,251 thousand based on the shareholding ratio.

XXVII. STATUS OF NEW SHARES ISSUANCE IN CONNECTION WITH MERGERS AND ACQUISITIONS

(I) Business combination

	Main Operating Activities	Date of Business Combination	Proportion of Voting Equity Interests Acquired (％)	Consideration Transferred
5V TECHNOLOGIES, TAIWAN LTD.	IC design, development of telecommunication products IC	January 30, 2020	97.92	$ 90,000
SPARKLAN COMMUNICATIONS INC.	Sale of electronic equipment and devices	August 23, 2019	100.00	$ 358,570

The Group acquired 5V TECHNOLOGIES, TAIWAN LTD. and SPARKLAN COMMUNICATIONS INC. in 2020 and 2019, respectively for the purpose of expanding business.

(II) Consideration Transferred

	5V TECHNOLOGIES, TAIWAN LTD.	SPARKLAN COMMUNICATIONS INC.
Cash	$ 90,000	$112,238
Issuance of equity instrument(Note)	-	246,332
Total	$ 90,000	$358,570

Note:

AMPAK Technology Inc. issued another 10,203 thousand ordinary shares with a denomination of NT$10 as part of the consideration of the SPARKLAN COMMUNICATIONS INC. The fair value of these ordinary shares determined on the date of acquisition was NT$246,332 thousand.

(III) Balance sheets of subsidiaries on the date of business combination

For the year ended 2020

	5V TECHNOLOGIES, TAIWAN LTD.
Current Assets	
Cash and cash equivalents	$ 97,696
Account receivables	28,181
Other receivables	195
Inventory	192
Others	7,228
Non-current assets	
Properties, plants and equipment	2,557
Non-tangible assets	8,975
Others	813
Current liabilities	
Contract liabilities-current	(5,139)
Accounts payable	(105,031)
Other payables	(12,025)
Others	(6,123)
	$ 17,519

For the year ended 2019

	SPARKLAN COMMUNICATIONS INC.
Current Assets	
Cash and cash equivalents	$ 203,759
Financial asset at fair value through profit or loss-current	16,261
Financial assets at amortised cost – current	54,987
Accounts receivable	31,181
Other receivables	$ 2,479
Inventory	42,545
Others	6,947
Non-current assets	
Properties, plants and equipment	858
Right-of-use properties	10,335
Non-tangible assets	30,459
Deferred tax assets	5,943
Others	2,548
Current liabilities	
Contract liabilities-current	(12,386)
Accounts payable	(17,767)
Lease liabilities - current	(4,407)
Other payables	(25,655)
Current tax liabilities	(10,824)
Others	(1,126)
Non-current liabilities	
Lease liabilities – non-current	(5,980)
Deferred tax liabilities	(1,304)
	$ 328,853

The fair value of the accounts receivable obtained from these companies in the merger and acquisition transaction is near the book value of the balance sheet. As a result, there are no presumed uncollectible amount from the date of business combination.

(IV) Goodwill from business combination

For the year ended 2020

	5V TECHNOLOGIES, TAIWAN LTD.
Consideration Transferred	$ 90,000
Add: Non-controlling interest	364
Less: Fair value of identifiable net assets acquired	(17,519)
Goodwill from business combination	$ 72,845

For the year ended 2019

	SPARKLAN COMMUNICATIONS INC.
Consideration Transferred	$ 358,570
Less: Fair value of identifiable net assets acquired	(328,853)
Goodwill from business combination	$ 29,717

Goodwill is the control premium obtained during business combination. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(V) Net cash outflow on acquisition of subsidiaries

For the year ended 2020

	5V TECHNOLOGIES, TAIWAN LTD.
Cash and cash equivalent balances acquired	$ 97,696
Less: Consideration paid in cash	(90,000)
	$ 7,696

For the year ended 2019

	SPARKLAN COMMUNICATIONS INC.
Consideration paid in cash	$ 112,238
Less:Cash and cash equivalent balances acquired	(203,759)
	($ 91,521)

(VI) Impact of acquisitions on the results of the Company

For the year ended 2020

The operation results of 5V TECHNOLOGIES, TAIWAN LTD. since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	5V TECHNOLOGIES, TAIWAN LTD.
Operating income	$ 201,272
Net loss	($ 9,124)

Had the business combination of 5V TECHNOLOGIES, TAIWAN LTD. been in effect on the date of acquisition, the Company's net revenue and net income for the year ended 2020 would have been NT$19,950,496 thousand and NT$1,404,504 thousand, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Company that actually would have been achieved had the acquisition been completed on the date of acquisition, nor is it intended to be a projection of future results. The aforementioned pro-forma net revenue and net income were calculated based on the fair value of assets acquired and liabilities assumed at the date of acquisition.

For the year ended 2019

The operation results of SPARKLAN COMMUNICATIONS INC. since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	SPARKLAN COMMUNICATIONS INC.
Operating income	$ 78,894
Net profit/loss	($ 66)

Had the business combination of SPARKLAN COMMUNICATIONS INC. been in effect on the date of acquisition, the Company's net revenue and net income for the year ended 2019 would have been NT$18,247,376 thousand and NT$211,400 thousand, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Company that actually would have been achieved had the acquisition been completed on the date of acquisition, nor is it intended to be a projection of future results. The aforementioned pro-forma net revenue and net income were calculated based on the fair value of assets acquired and liabilities assumed at the date of acquisition.

XXVIII. DISPOSAL OF SUBSIDIARY

On JUNE 09, 2020, the Board of Directors of the Group approved the disposal of AMPAK Technology Inc.'s stock release. Accordingly, in August 2020, 41.51% shareholding was fully transferred, and the Group lost controlling interest over AMPAK Technology Inc. As a result, the financial reports of AMPAK Technology Inc. and its subsidiaries were excluded from the consolidated financial reports of the Group in addition to being recognized by investment in subsidiaries and associates accounted for using equity method thereafter. The original accounting treatment of the disposal of AMPAK Technology Inc.is only tentative on the balance sheet date. At the date of the approval of this consolidated financial report, the required market evaluation and other calculations have not yet been completed. Therefore, the tentative possible value is only determined based on the best estimate of the management of the Group.

(I) Consideration received from the disposal

	AMPAK Technology Inc. and its subsidiaries
Total consideration received	$ 1,296,102

(II) Analysis of assets and liabilities over which the control was lost

	AMPAK Technology Inc. and its subsidiaries
Current assets	
Cash and cash equivalents	$ 818,738
Financial assets measured at amortised cost-current	52,001
Accounts receivable	548,633
Inventory	246,581
Others	43,242
Non-current assets	
Financial assets measured at other comprehensive profit and loss measured at fair value	60,846
Financial assets measured at amortised cost-	4,343

non-current	
Property, plant, and equipment	15,228
Right-of-use assets	12,079
Non-tangible assets	446,267
Others	41,578
Current liabilities	
Short-term borrowings	($ 117,920)
Accounts payable	(348,684)
Others	(190,997)
Lease liabilities - current	(8,158)
Non-current liabilities	
Lease liabilities - current	(4,001)
Others	(8,542)
Net asset disposed	$ 1,611,234

(III) Gain/loss on disposal of subsidiary

	AMPAK Technology Inc. and its subsidiaries
Net consideration received	$ 1,296,102
Net assets disposed	(1,611,234)
Non-controlling interests	307,367
Accumulated exchange differences of net asset gains or losses from equity reclassification due to loss of interest control over subsidiary	(3,908)
Fair value of residual interest	1,045,230
Gain on disposal	$ 1,033,557

(IV) Net cash inflow arising from disposal of subsidiary

	AMPAK Technology Inc. and its subsidiaries
Consideration received in cash or cash equivalent	$ 1,296,102
Less:Cash and cash equivalent balances disposed	(818,738)
	$ 477,364

XXIX. NON-CASH TRANSACTIONS

For the years ended December 31, 2020 and 2019, the Group entered into the following non-cash investment activities:

(I) On June 9, 2020, the annual shareholders meeting of the Group resolved the proposed issuance of 4,000 thousand shares of New Employee Restricted Stock, totaling NT$40,000 thousand, which was then approved by the board of directors on August 7, 2020. The cost of the 2020 New Employee Restricted Stock was NT$22,649 thousand.

(II) The Group did not recognize long-term equity investment NT$(12,102) thousand in accordance with the shareholding ratio in 2019.

XXX. CAPITAL RISK MANAGEMENT

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

XXXI. FINANCIAL INSTRUMENTS

(I) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 120,131	$ -	$ -	$ 120,131
Convertible options	-	840	-	840
Financial products	-	23,745	-	23,745
Convertible bond	-	-	15,592	15,592
Total	$ 120,131	$ 24,585	$ 15,592	$ 160,308
Financial assets at FVTOCI				
Equity instrument investment				
—Domestic and overseas listed stock	$ 739,406	$ -	$ -	$ 739,406
—Domestic and overseas unlisted stock	-	-	185,882	185,882
Total	$ 739,406	$ -	$ 185,882	$ 925,288
Financial liabilities at FVTPL				
Forward Exchange Contract	$ -	$ 7,278	$ -	$ 7,278

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed stock	$ 110,990	$ -	$ -	$ 110,990
Trust beneficiary	15,007	-	-	15,007

certificate				
Financial products	-	10,486	-	10,486
Total	$ 125,997	$ 10,486	$ -	$ 136,483
Financial assets at FVTOCI				
Equity instrument investment				
－Domestic and overseas listed stock	$ 810,737	$ -	$ -	$ 810,737
－Domestic and overseas unlisted stock	-	-	377,252	377,252
Total	$ 810,737	$ -	$ 377,252	$ 1,187,989
Financial liabilities at FVTPL				
Forward Exchange Contract	$ -	$ 3,423	$ -	$ 3,423
Convertible options	-	2,640	-	2,640
Total	$ -	$ 6,063	$ -	$ 6,063

There were no transfers between Levels 1 and 2 in 2020 and 2019.

2. Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts and financial products	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives- convertible options	Binomial Tree Model for Convertible Bonds Pricing: Evaluated based on the volatility of the conversion price, the risk-free interest rate, the risk of discount rate, and the years until maturity.

3. Valuation techniques and inputs applied for Level 3 fair value measurement

For stocks of unlisted companies without an active market, their fair value is assessed by using the market method and the income method.

The market approach refers to the market price and related information of listed companies that share a similar background as the unlisted stock in order to estimate its fair value; the income approach uses the discounting cash flow method to calculate the present value of the expected return from holding the investment target.

Hybrid financial assets - Convertible corporate bonds have no market price for reference. The Company’s evaluation of fair value is based on the Binomial Tree Model for Convertible Bond Pricing, which factors in the volatility of the conversion price, the risk-free interest rate, the risk of discount rate, and the periods until maturity.

(II) Categories of financial instrument

	December 31, 2020	December 31, 2019
Financial assets		
Fair value through profit or loss	$ 160,308	$ 136,483
Fair value after amortized cost（Note 1）	8,184,615	7,076,698
Fair value through other comprehensive income	925,288	1,187,989
Financial liabilities		
Fair value through profit or loss	7,278	6,063
Fair value after amortized cost（Note 2）	7,959,756	5,421,412

Note 1: Financial assets measured at fair value after amortized cost include cash and cash equivalents, notes and accounts receivable, accounts receivables-related parties, other receivables, and refundable deposits etc.

Note 2: Financial liabilities measured at fair value after amortized cost include short-term loans, notes and accounts payables, accounts payables -related parties, other payables, refundable deposits, and bonds payable etc.

(III) Financial risk management objective and policies

The Group's major financial instruments include equity instrument investment, accounts receivable, accounts payable, bonds payable, loans and lease liabilities. The Group's Financial Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's Finance Department seeks to mitigate the effect of these risks by using derivative financial instruments to hedge risk exposures under the policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls.

If the Finance Department should engage in derivative transactions, the results are reported to the Board of Directors on a regular basis.

1. Market Risk

The Group's operating activities exposed it primarily to the financial risks arising from changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below):

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign Currency Risk

The Group engages in foreign currency-denominated sales and purchase transactions, therefore exposing the Group to foreign currency fluctuation risks.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. If the loss of the financial asset measured at fair value through profit and loss reaches the 3% cap as laid out in the contract, the situation must be reported to the management, and a reassessment of the exchange rate fluctuation should be made. The sensitivity analysis included only outstanding foreign currency denominated monetary items plus forward exchange contracts designated as a cash flow hedge, and their translations are adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 1% against the relevant currency; a negative number below indicates a decrease in pre-tax profit associated with New Taiwan dollars weakens 1% against the relevant currency.

	Impact of USD	
	For the year 2020	For the year 2019
Profit or Loss	$ 66,925	$ 21,170

The impact of foreign currencies on profit and loss listed in the above table mainly derived from the USD-denominated non-derivative financial assets and liabilities of the Group that are still in circulation on the balance sheet date and have not undergone cash flow hedging.

There was no significant changes in the sensitivity analysis of the current year's foreign exchange rates when compared to the previous year.

(2) Interest rate risk

The Group is exposed to interest rate risk arising from borrowing at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
－Financial assets	$ 82,364	$ 1,528,120
－Financial liabilities	2,261,397	1,523,882
Cash flow interest rate risk		
－Financial assets	1,884,043	1,280,899
－Financial liabilities	-	93,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would increase by NT$18,840 thousand and NT$11,879 thousand, respectively. The main reason for the above derived from the net position of bank deposits and borrowings that are exposed to fluctuating interest rate risks and redeemable bonds attributable to the Group that are measured at fair value.

There was no significant changes in the sensitivity analysis of the current year's interest rates when compared to the previous year.

(3) Other market price risk

Equity price risk exposure arises from the Group's investments in domestic and foreign listed stocks, unlisted stocks, and convertible bonds. The Group assigns relevant personnel to monitor price flucutations and evaluate the timing to increase hedge positions.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

If equity prices of financial assets at FVTPL had been 1% higher/lower, profit or loss for the years ended December 31, 2020 and 2019 would increase/decrease by $1,201 thousand and $1,260 thousand, respectively. If equity prices of financial assets at FVTOCI had been higher/lower, other comprehensive income (loss) for the years ended December 31, 2020 and 2019 would increase/decrease by $9,253 thousand and $11,880 thousand, respectively.

There was no significant changes in the sensitivity analysis of the current year's equity prices when compared to the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Except for Company A, the largest customer of the Group, the Group does not have other sources of credit risk exposure from one or many counterparties that are grouped by similar characteristics. Associates of the Group are considered counterparties with similar characteristics.

The Group's concentration of credit risk of 60.38% and 38.63% of total accounts receivables as of December 31, 2020 and 2019, respectively, were related to the Group's largest customers A, B, and C.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a substantial source of liquidity.
The detailed information of the Group's unused financing facilities as of December 31, 2020 and 2019 is further stated in (3) financing facilities below.

(1)Liquidity and interest risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest can be inferred by the yield curve on the balance sheet date.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 3,950,761	$ 1,936,013	$ 524,519	$ -
Lease liabilities	254	763	2,039	4,555
Fixed interest rate liabilities	881,296	2,293,484	1,179,157	-
	$4,832,311	$ 4,230,260	$ 1,705,715	$ 4,555

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1~5Years
Lease liabilities	$ 3,056	$ 4,555

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 3,111,150	$ 414,464	$ 278,887	$ -
Lease liabilities	700	2,100	3,873	5,188
Floating interest rate liabilities	93,089	-	-	-
Fixed interest rate liabilities	365,616	-	-	1,162,082
	$ 3,570,555	$ 416,564	$ 282,760	$ 1,167,270

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1~5Years
Lease liabilities	$ 6,673	$ 5,188

The aforementioned non-derivative financial liabilities were caluculatedby floating interest rates, therefore the results may differ from the interest rate accounted for the balance sheet date.

(2) Liquidity and interest risk tables for derivative financial liabilities

For the liquidity analysis of derivative financial instruments, for derivative instruments that are settled on a net basis, they are compiled on the basis of undiscounted contract net cash inflows and outflows; for derivatives that are settled on a gross basis, they are compiled on the basis of undiscounted net cash inflows and outflows. It is prepared based on the current total cash inflows and outflows. When the amount payable or receivable is not fixed, the amount disclosed is determined based on the interest rate estimated by the yield curve on the balance sheet date.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years	Above 5 Years
Netting settlement					
Forward exchange	($ 7,278)	$ -	$ -	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years	Above 5 Years
Netting settlement					
Forward exchange	($ 3,423)	$ -	$ -	$ -	$ -

(3) Financing facilities Credit Lines

	December 31, 2020	December 31, 2019
Unsecured bank Loan facility		
－Amount used	$ 1,082,240	$ 454,800
－Amount unused	2,661,360	3,903,580
	$ 3,743,600	$ 4,358,380

Secured Bank Loan Facilities		
—Amount used	$ -	$ -
—Amount unused	-	30,000
	$ -	$ 30,000

XXXII. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(I) Name of the related parties and relationship

Name of related party	Relationship with the Group
AMPAK Technology Inc.	Associates（AMPAK Technology Inc. was a former subsidiary of Gemtek Technologies Co., Ltd. and became an associate on August 10, 2020.）
SparkLAN Communications, Inc.	Associates（SparkLAN Communications, Inc. was a former subsidiary of Gemtek Technologies Co., Ltd. and became an associate on August 10, 2020.）
BROWAN COMMUNICATIONS INCORPORATION	Associates
ANTEK NETWORKS INC.	Associates
BandRich Inc.	Associates

(II) Sales Revenue

Type/Name of related party	For the year ended 2020	For the year ended 2019
Associate		
Others	$ 352,971	$ 185,680

Sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(III) Purchase and Processing Fee

Type/Name of related party	For the year ended 2020	For the year ended 2019
Associate		
Others	$ -	$ 7,714

The sales prices and trade term with related parties are not comparable to those with thirdparty customers for certain transactions due to different product specifications; other than that, the determination of sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(IV) Receivables from related parties

Account	Type/Name of related party	December 31, 2020	December 31, 2019
Accounts receivables – related parties	Associates		
	BROWAN COMMUNICATIONS INCORPORATION	$ 91,686	$ 53,008
	ANTEK NETWORKS INC.	7,929	7,961
	Others	12,922	-
		$ 112,537	$ 60,969
Notes receivables – related parties	Associates		
	BROWAN COMMUNICATIONS INCORPORATION	$ 11,250	$ -

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

(V) Other receivables from related parties

Type/Name of related party	December 31, 2020	December 31, 2019
Associates		
ANTEK NETWORKS INC.	$ 189	$ 23

Other receivables of the Group to be collected from related parties are the advance payments and purchases of raw materials on behalf of the related parties.

(VI) Payables to related parties

Account	Type/Name of related party	December 31, 2020	December 31, 2019
Accounts payable-related parties	Associates		
	BROWAN COMMUNICATIONS INCORPORATION	$ 304	$ -

No guarantees were available for outstanding accounts payables to related parties.

(VII) Other trade payables to related parties

Type/Name of related party	December 31, 2020	December 31, 2019
Associates		
BROWAN COMMUNICATIONS INCORPORATION	$ -	$ 10

Other payables of the Group to be paid to related parties are the advance payments made on behalf of the related parties.

(VIII) Disposal of property, plant, and equipment

Type/Name of related party	For the year ended 2020 Disposal of proceeds	For the year ended 2020 Disposal of gain (loss)	For the year ended 2019 Disposal of proceeds	For the year ended 2019 Disposal of gain (loss)
Associates				
BROWAN COMMUNICATIONS INCORPORATION	$ -	$ -	$ 359	$ 359

(IX) Other trades with related parties

Type/Name of related party	For the year ended 2020	For the year ended 2019
Rent income		
Associates		
AMPAK Technology Inc.	$ 1,772	$ -
BROWAN COMMUNICATIONS INCORPORATION	213	258
Others	252	215
	$ 2,237	$ 473
Other income		
Associates		
AMPAK Technology Inc.	$ 251	$ -
Research & development fee		
Associates		
Others	$ -	$ 3

Rental income of the Group collected from associates were based on the market price.

(X) Compensation of key management personnel

	For the year ended 2020	For the year ended 2019
Short-term employee benefits	$ 41,165	$ 54,014
Post-employment benefits	771	1,121
	$ 41,936	$ 55,135

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXXIII. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for tariffs on imported raw materials:

	December 31, 2020	December 31, 2019
Pledged bank deposits (included in financial assets measured at amortized cost)	$ 43,274	$ 80,248

XXXIV. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the balance sheet date were as follows:

As of the year December 31, 2020 and 2019, the limit of guarantee for tariff covenants and loan financing were NT$43,274 thousand and NT$80,248 thousand, respectively.

XXXV. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency asset			
Monetary items			
USD	$ 315,929	28.48(USD:NTD)	$ 8,997,667
USD	239,820	6.5249(USD:RMB)	6,830,084
			$15,827,751
Non-monetary items			
Investments accounted for using equity method			
USD	1,317	28.48(USD:NTD)	$ 37,494
Financial asset measured at fair value through other comprehensive income			
USD	6,692	28.48(USD:NTD)	190,594
Financial asset measures at amortized cost			
USD	4,658	28.48(USD:NTD)	132,652
			$ 360,740
Foreign currency liabilities			
Monetary items			
USD	205,324	28.48(USD:NTD)	$ 5,847,622
USD	115,437	6.5249(USD:RMB)	3,287,639
			$ 9,135,261

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency asset			
Monetary items			
USD	$ 176,365	29.98(USD:NTD)	$ 5,287,415
USD	107,295	6.9762(USD:RMB)	3,216,711
			$ 8,504,126
Non-monetary items			
Investments accounted for using equity method			
USD	1,625	29.98(USD:NTD)	$ 48,715
Financial asset measured at fair value through other comprehensive income			
USD	11,883	29.98(USD:NTD)	356,266
Financial asset measured at amortized cost			
USD	4,709	29.98(USD:NTD)	141,167
			$ 546,148
Foreign currency liabilities			
Monetary items			
USD	125,003	29.98(USD:NTD)	$ 3,747,594
USD	88,043	6.9762(USD:RMB)	2,639,521
			$ 6,387,115

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the year ended 2020		For the year ended 2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1（NTD:NTD）	$ 11,288	1（NTD:NTD）	($ 63,687)
RMB	4.3648（RMB:NTD）	(62,220)	4.2975（RMB:NTD）	20,374
		($ 50,932)		($ 43,313)

XXXVI. SEPARATELY DISCLOSED ITEMS

(I) Information About Significant Transactions and (II) Investees:

1. Financing provided to others. (Table 1)
2. Endorsements/guarantees provided. (None)
3. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 2)
4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the share capital. (Table 3)
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)
9. Trading in derivative instruments. (Note 7 and 31)
10. Other: Intercompany relationships and significant intercompany transactions. (Table 8)
11. Information on investees. (Table 6)

(III) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 4, 5, 7, and 8)

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

(3) The amount of property transactions and the amount of the resultant gains or losses.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

(5) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

(IV) Information on significant shareholders: The name, number of shares held, and shareholding percentage of shareholders who possess 5% or more of the total number of shares. (None)

XXXVII. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segment is the wireless telecommunication products department.

(I) Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenue		Segment Profit	
	For the year ended 2020	For the year ended 2019	For the year ended 2020	For the year ended 2019
Wireless telecommunication products department	$19,929,372	$18,057,131	$ 1,001,225	$ 562,472
Central administration cost			(533,312)	(510,973)
Interest income			27,033	43,839
Other income			117,205	54,105
Other gains and losses			960,490	219,506
Finance cost			(30,843)	(54,964)
Share of profit of associates accounted for using the equity method			31,374	(31,430)
Profit before tax			$ 1,573,172	$ 282,555

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2020 and 2019.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs, interest income, other income, other gains or losses, finance cost, share of profit of associates accounted for using the equity method, and income tax expense. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(II) Segment total assets and liabilities

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

(III) Other information

	Depreciation and amortization	
	For the year ended 2020	For the year ended 2019
Wireless telecommunication product department	$419,129	$355,987

(IV) Revenue from major products and services

	For the year ended 2020	For the year ended 2019
CARD	$ 2,515,961	$ 449,468
GATEWAY	14,924,532	13,031,635
Wireless Telecommunication Module	1,208,154	2,003,784
Others	1,280,725	2,572,244
	$ 19,929,372	$ 18,057,131

(V) Geographical information

The Group operates in three principal geographical areas – Taiwan, China, and the Czech Republic.

The Group's revenue from continuing operations from external customers by location of operations was detailed below:

	Revenues from External Customers	
	For the year ended 2020	For the year ended 2019
Taiwan	$ 17,960,631	$ 16,675,321
China	1,968,569	1,381,614
Vietnam	70	-
Czech Republic	102	196
	$ 19,929,372	$ 18,057,131

(VI) Information about major customers

Revenues from individual customers that exceeded 10% of the Group's revenue for the years ended December 31, 2020 and 2019:

	For the year ended 2020		For the year ended 2019	
Customer	Sales revenue	% of total income	Sales revenue	% of total income
A Company	$ 4,278,475	21	$ 8,023	-
B Company	2,759,107	14	3,224,002	18
C Company	2,569,367	13	5,473,384	30

TABLES

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 1

Unit:In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limit (Note 1)
													Item	Value		
1	Gemtek Electronics (Suzhou) Co. Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Short-term financing	Yes	$ 52,524	$ 52,524	$ 52,524	3.60	2	$ -	Operating capital	$ -	-	-	$ 85,377	$ 85,377

Note 1：Pursuant to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of Gemtek Electronics (Suzhou) Co. Ltd., when the parent company directly and indirectly holds 100% of the voting shares of foreign companies engaged in fund loans, the aggregate amount of loans shall not exceed 100% of the lending company's net worth, and the maximum amount permitted to a single borrower shall not exceed 100% of the lending company's net worth.

Note 2：Nature for financing -

1.Enter 1 for Business relationship.

2.Enter 2 for Short-term financing purpose.

Note 3：Converted by the exchange rate recorded on the financial reporting date - RMB: New Taiwan Dollar = 1:4.377.

Note 4：: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 2

Unit:In Thousands of New Taiwan Dollars/ US Dollars/ RMB.Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance on December 31, 2020				Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership%	Fair Value	
Gemtek Technologies Co.,Ltd.	Stock							
	ITEQ CORPORATION	The Corporation serves as corporate director	Financial assets measured at fair value through profit and loss - current	871	$ 120,131	0.29	$ 120,131	
	TAI-SAW TECHNOLOGY CO., LTD.	〃	Financial assets measured at fair value through other comprehensive income – non-current	691	15,270	0.68	15,270	
	Green Packet Bhd.	None	〃	26,273	74,926	2.81	74,926	
	LIONIC CORP.	The Corporation serves as corporate director	〃	225	419	1.40	419	
	Tempo Semiconductor, Inc.	〃	〃	3,276	-	-	-	Preferred stock
	SKSpruce Holding Limited	None	〃	2,241	29,297	2.81	29,297	Common stock/Preferred stock
	Greenwave holding, Inc.	〃	〃	3,965	86,371	3.30	86,371	Preferred stock
Gemtek Investment Co.,Ltd	Stock							
	Sky Phy Networks Limited	〃	Financial assets measured at fair value through other comprehensive income – non-current	4,943	-	13.82	-	Preferred stock
	Ingenu Inc.	〃	〃	1,754	-	3.99	-	Preferred stock
	SanJet Corp	The Corporation serves as corporate director	〃	3,882	47,052	12.33	47,052	
	TSKY CO., LTD.	None	〃	1,500	31,355	8.49	31,355	
	LIONIC CORP.	The Corporation serves as corporate director	〃	841	1,563	5.25	1,563	
	Polaris Group	〃	〃	8,675	135,812	1.33	135,812	
	AIPTEK, Inc.	None	〃	186	679	0.16	679	
	TAI-SAW TECHNOLOGY CO., LTD.	〃	〃	2,312	51,090	2.26	51,090	
	PYRAS TECHNOLOGY INC.	The Corporation serves as corporate director	〃	3,000	21,180	18.45	21,180	

G-Technology Investment Co., Ltd.	<u>Convertible Bond</u>							
	Greenwave Holding, Inc.	None	Financial assets measured at fair value through profit and loss - current	-	15,592 (USD 547)	-	15,592 (USD 547)	
	<u>Stock</u>							
	Polaris Group	None	Financial assets measured at fair value through other comprehensive income – non-current	26,467	$ 430,274 (USD 15,108)	4.05	$ 430,274 (USD 15,108)	
	Tianhan Technology （Wujiang） Limited Company	〃	〃	-	-	11.54	-	
	Ingenu Inc.	〃	〃	860	-	2.61	-	Preferred stock
	UBITUS Inc.	〃	〃	200	-	2.32	-	
	<u>Bond</u>							
	Standard Chartered Bank Subordinate Bond	〃	Financial assets measured at amortized cost－non-current	-	132,652 (USD 4,658)	-	132,652 (USD 4,658)	
Gemtek Electronics (ChangShu) Co., Ltd.	<u>Finance products</u>							
	CCB Suzhou Branch “Qianyuan Xinyi Jiangnan”	None	Financial assets measured at fair value through profit and loss - current	-	437 (RMB 100)	-	437 (RMB 100)	
Gemtek Electronics (Suzhou) Co. Ltd.	<u>Finance products</u>							
	CCB Suzhou Branch “Qianyuan Xinyi Jiangnan”	None	Financial assets measured at fair value through profit and loss - current	-	23,308 (RMB 5,340)		23,308 (RMB 5,340)	

Note 1: See Tables 6 and 7 for information on investments in subsidiaries, associates and joint ventures.

Note 2: Converted by the exchange rate recorded on the financial reporting date - USD: NTD = 1: 28.48; RMB: NTD = 1：4.377

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE SHARE CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 3

Unit:In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount (Note 5)	Shares/Units (In Thousands)	Amount (Note 2)	Carrying Amount	Gain/Loss on Disposal	Shares/Units (In Thousands)	Amount (Note 1)
	Stock													
Gemtek Technologies Co., Ltd.	AMPAK Technology Inc.	Investment Accounted for Using Equity Method	-	Subsidiary	36,124,794	$ 950,845	20,100,595	$ 1,045,230	36,124,794	$ 830,760	$ 1,039,487	$ 833,061 (Note 3)	20,100,595	$1,048,268
Gemtek Investment Co.,Ltd	AMPAK Technology Inc.	Investment Accounted for Using Equity Method	-	Subsidiary	8,975,801	242,434	-	-	8,975,801	465,341	264,381	200,496 (Note 4)	-	-

Note 1: The amount of long-term equity investment using the equity method includes investment gains and losses recognized by the equity method and adjustment items related to shareholder equity.

Note 2: The disposal price has been deducted from relevant transaction costs.

Note 3: Disposal benefits include the recognition of conversion loss of NT$3,444 thousand from financial statements of foreign operating institutions using the equity method.

Note 4: Disposal benefits include the recognition of conversion loss of NT$464 thousand from financial statements of foreign operating institutions using the equity method.

Note 5: The current purchase is the fair value of the remaining equity.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 4

Unit:In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Gemtek Technologies Co., Ltd.	Gemtek Electronics (Kunshan) Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	$ 4,758,107	26%	Note 1	Note 1	Note 1	($ 2,710,405)	(58%)	Note 2
	Gemtek Electronics (ChangShu) Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	3,743,950	21%	Note 1	Note 1	Note 1	(264,649)	(6%)	Note 2
	Gemtek CZ., s.r.o.	Investment in subsidiary through third region	Purchase and processing expenses	195,307	1%	Note 1	Note 1	Note 1	9,003	-	Note 2
	Gemtek Vietnam Co., Ltd.	Subsidiary	Purchase and processing expenses	1,613,251	9%	Note 1	Note 1	Note 1	1,135,169	17%	Note 2
Gemtek Electronics (Kunshan) Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(4,758,107)	(69%)	Note 1	Note 1	Note 1	2,710,405	86%	Note 2
Gemtek Electronics (ChangShu) Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(3,743,950)	(77%)	Note 1	Note 1	Note 1	264,649	57%	Note 2
Gemtek CZ., s.r.o.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(195,307)	(99%)	Note 1	Note 1	Note 1	(9,003)	(19%)	Note 2
Gemtek Vietnam Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(1,613,251)	(100%)	Note 1	Note 1	Note 1	(1,135,169)	(71%)	Note 2

Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company’s assets.

Note 2：Accounts receivables collected from and accounts payables paid to Gemtek Electronics (Kunshan) Co., Ltd., Gemtek Electronics (ChangShu) Co., Ltd., Gemtek CZ., s.r.o., and Gemtek Vietnam Co., Ltd. are expressed in net amount.

Note 3：The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 5

Unit:In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
Gemtek Electronics (Kunshan) Co., Ltd	Gemtek Technologies Co., Ltd.	Parent company	$ 2,710,405	1.80	$ -	-	$ 1,321,266	$ -
Gemtek Electronics (ChangShu) Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	264,649	14.52	-	-	264,649	-
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Subsidiary	1,135,169	2.84	-	-	432,085	-

Note: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 6

Unit:In Thousands of New Taiwan Dollars/ US Dollars.Unless Stated Otherwise

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
Gemtek Technologies Co., Ltd.	Gemtek Investment Co.,Ltd	Hsinchu County, Taiwan	Investment	$ 769,457	$ 769,457	76,946	100.00	$ 846,419	$ 188,980	$ 188,980	Note 3
	G-Technology Investment Co., Ltd.	Cayman Islands	Investment	2,484,452 (USD 78,600)	2,484,452 (USD 78,600)	78,600	100.00	4,313,409	(31,037)	(31,037)	Note 3
	Brightech International Co., Ltd.	Republic of Mauritius	Investment	207,969 (USD 6,145)	207,969 (USD 6,145)	6,145	100.00	69,191	(619)	(619)	Note 3
	AMPAK Technology Inc.	Hsinchu County, Taiwan	Telecommunications	512,854	917,203	20,101	33.37	1,048,268	286,468	131,171 (Note 1)	
	Wi Tek Investment Co., Ltd.	Cayman Islands	Investment	132,155 (USD 4,000)	132,155 (USD 4,000)	4,000	100.00	20,950	(9,621)	(9,621)	
	BROWAN COMMUNICATIONS INCORPORATION	Hsinchu County, Taiwan	Telecommunications	144,826	144,826	11,191	24.33	10,656	6,898	1,678	
	Gemtek Vietnam Co., Ltd.	Vietnam	Telecommunications	616,034 (USD 20,000)	616,034 (USD 20,000)	-	100.00	514,927	53,960	53,960	Note 3
G-Technology Investment Co., Ltd.	Ampak International Holdings Ltd.	Independent State of Samoa	Investment	1,099,843 (USD 35,561)	1,099,843 (USD 35,561)	36,000	100.00	1,064,287 (USD 37,370)	18,945 (USD 721)	18,945 (USD 721)	Note 3
	Gemtek CZ., s.r.o.	Czech Republic	Telecommunications	25,351 (USD 692)	25,351 (USD 692)	12,000	100.00	6,783 (USD 238)	4,692 (USD 161)	4,692 (USD 161)	Note 3
	Primax Communication (B.V.I.) Inc.	British Virgin Islands	Investment	73,886 (USD 2,297)	73,886 (USD 2,297)	2,297	100.00	16,683 (USD 586)	(125) (USD -4)	(125) (USD -4)	Note 3
	PT. South Ocean	Indonesia	Telecommunications	7,838 (USD 238)	7,838 (USD 238)	24	95.00	2,613 (USD 92)	- (USD -)	- (USD -)	
	Free PP Worldwide Co.,Ltd.	Republic of Seychelles	Investment	30,260 (USD 1,000)	30,260 (USD 1,000)	1,002	30.00	13,930 (USD 489)	(1,404) (USD -46)	(421) (USD -14)	
Gemtek Investment Co.,Ltd	AMPAK Technology Inc.	Hsinchu County, Taiwan	Telecommunications	-	219,689	-	-	-	207,747	22,327	
	BROWAN COMMUNICATIONS INCORPORATION	Hsinchu County, Taiwan	Telecommunications	141,825	141,825	9,826	21.36	9,335	6,898	1,473	
	BandRich Inc.	New Taipei City, Taiwan	Telecommunications	55,000	55,000	5,500	27.04	5,389	(10,116)	(2,735)	
	5V TECHNOLOGIES, TAIWAN LTD.	Taipei City, Taiwan	Telecommunications	90,000	-	9,000	97.92	79,052	(12,023)	(10,948) (Note 2)	Note 3

Note 1: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT$ 135,470 thousand, less the identifiable intangible assets adjusted amortization of the current period NT$4,593 thousand, and add the adjusted unrealized and realized benefits of upstream transactions NT$294 thousand.

Note 2: Based on the equity holding ratio, the amount is recognized by the net loss of the investee company NT$ 8,934 thousand, and add the identifiable intangible assets adjusted amortization of the current period NT$2,014 thousand.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 7

Unit:In Thousands of New Taiwan Dollars/ US Dollars.Unless Stated Otherwise

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 01, 2020	Investment Flow		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
Gemtek Electronics (Suzhou) Co. Ltd.	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	$ 237,808 (USD 8,350)	Indirect investment in Mainland China through a holding company established in other countries－Brightech International Co Ltd 及 Primx Communication (BVI) Inc	$ 236,925 (USD 8,319)	$ -	$ -	$ 236,925 (USD 8,319)	($ 650) (USD -22)	100.00	($ 650) (USD -22)	$ 85,377 (USD 2,998)	$ -	Note 3
Gemtek Electronics (Kunshan) Co., Ltd	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	427,200 (USD 15,000)	Indirect investment in Mainland China through a holding company established in other countries－G-Technology Investment Co Ltd.	427,200 (USD 15,000)	-	-	427,200 (USD 15,000)	($ 38,118) (USD -1,279)	100.00	($ 38,118) (USD -1,279)	2,555,154 (USD 89,717)	-	Note 3
Browan Communications (Xi'An) Inc.	R&D, production, sales and provision of technical consulting and related services for wireless network products	113,920 (USD 4,000)	Indirect investment in Mainland China through a holding company established in other countries－Wi Tek Investment Co Ltd.	113,920 (USD 4,000)	-	-	113,920 (USD 4,000)	($ 9,621) (USD -327)	100.00	($ 9,621) (USD -327)	20,945 (USD 735)	-	
AIPTEK Technology (Wujiang) Co., Ltd.	Manufacturing of digital products	444,288 (USD 15,600)	Indirect investment in Mainland China through a holding company established in other countries－G-Technology Investment Co Ltd	25,632 (USD 900)	-	-	25,632 (USD 900)	-	11.54	-	-	-	
Gemtek Electronics (ChangShu) Co., Ltd.	R&D, production, sales and provision of technical consulting and related services for wireless network products	1,025,280 (USD 36,000)	Indirect investment in Mainland China through a holding company established in other countries－G-Technology Investment Co Ltd	1,025,280 (USD 36,000)	-	-	1,025,280 (USD 36,000)	18,944 (USD 721)	100.00	18,944 (USD 721)	1,064,287 (USD 37,370)	-	Note 3

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 1,844,934 USD 64,780 （Note 1）	$ 1,844,934 USD 63,780	$ 5,630,402

Note 1: (1) The investment amount remitted at the end of the period exceeds the USD 1,000 thousand investment amount approved by the Investment Commission of the Ministry of Economic Affairs.

The remittance was made by AMPAK Technology Inc., the parent company of Gemtek Electronics (ChangShu) Co., Ltd., Ltd. from the previous period.

(2) In July 2009, the Company acquired 100% shareholding of AMPAK International Holdings Ltd., an overseas holding company of Gemtek Electronics (ChangShu) Co., Ltd., through an overseas company G-Technology Investment Co., Ltd. for US$561,000 (NT$17,413 thousand), which has been approved by the Investment Commission of the Ministry of Economic Affairs Letter-2 No. 09800283840.

(3) The conversion rate is based on the average spot buying/selling exchange rate of the Bank of Taiwan on December 31, 2020.

Note 2: See Tables 4, 5 and 6 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

Note 3: Amount was recognized based on the audited financial statements of the investee as of December 31, 2020.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEE EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 8

Unit:In Thousands of New Taiwan Dollars.Unless Stated Otherwise

No.	Name of Company Engaged in Business Transaction	Counterparty	Relationship	Business Transaction Status			
				Account	Amount	Transaction Terms	% to Total Asset
	January 01, 2020 to December 31, 2020						
0	Gemtek Technologies Co., Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Parent company to subsidairy	Sales revenue－processing expense	$ 3,743,950	Note 1	34%
				Accounts payable	264,649	Note 1	2%
		Gemtek Electronics (Kunshan) Co., Ltd	Parent company to subsidairy	Sales revenue－processing expense	4,758,107	Note 1	33%
				Accounts payable	2,710,405	Note 1	17%
		Gemtek CZ., s.r.o.	Parent company to subsidairy	Sales revenue－processing expense	195,307	Note 1	1%
				Other receivables	9,003	Note 1	-
		Gemtek Vietnam Co., Ltd.	Parent company to subsidairy	Sales revenue－processing expense	1,613,251	Note 1	8%
				Accounts receivable	1,135,169	Note 1	6%
1	AMPAK Technology Inc.	Gemtek Technologies Co., Ltd.	Subsidiary to parent company	Sales revenue－processing expense	16,524	Note 1	-
		Gemtek Electronics (ChangShu) Co., Ltd.	Subsidiary to subsidiary	Sales revenue－processing expense	169,843	Note 1	1%

Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company's assets.

Note 2: The above transactions were eliminated during the compilation of this consolidated financial report.