

**TAIWAN SURFACE MOUNTING  
TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2020 AND 2019**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2020 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES

By

Wu, Kai-Yun, Chairman

March 19, 2021

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Taiwan Surface Mounting Technology Corp.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Taiwan Surface Mounting Technology Corp. and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Auditing-1090360805 of February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the consolidated financial statements as of and for the year ended December 31, 2019. 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 Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the 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 judgement, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

### **Existence of revenues of the newly top 10 significant customers**

#### Description

Please refer to Note 4(27) for accounting policy on recognition of revenue and Note 6(17) for details of sales revenue.

Considering that the customers' demand has changed, the Group adjusted its product type. There were changes in sales customers resulting from changes in market demand and introduction of new products. As the sales revenue from the newly top 10 significant customers are significant to the consolidated financial statements, we consider the existence of sales revenue from the newly top 10 significant customers a key audit matter.

#### How our audit addressed the matter:

We performed the following audit procedures on the above key audit matter:

- A. Obtained the evaluation data of the newly top 10 significant customers, completed an understanding of the Group's transaction counterparties and assessed new transaction counterparties based on the internal controls.
- B. Obtained detailed listing of sales revenue, performed detailed tests for the newly top 10 significant customers and verified relevant evidences including customer sales invoices, purchase orders and delivery documents.
- C. Inspected contents and relevant evidences of the newly top 10 significant customers in relation to sales returns and discounts occurring subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognised.

## **Valuation of allowance for inventory valuation losses**

### Description

For a description of the accounting policy on inventory valuation, please refer to Note 4(13); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for information on the allowance for inventory valuation losses, please refer to Note 6(6).

As of December 31, 2020, the Group's inventories and allowance for inventory valuation losses amounted to NT\$456,404 thousand and NT\$190,403 thousand, respectively. The Group is primarily engaged in design, processing, manufacturing and trading of TFT-LCD panels, general electronic information products and PCB surface mount packaging. In addition, the Group also manufactured made-to-order products. Most of the customers designated the Group to purchase and process materials, which were needed to manufacture the electronic products. Taking into consideration that those products have short life spans and are affected by the fluctuating market price of TFT-LCD panels, there is a higher risk of inventory losses due to market value decline or obsolescence. Inventories are stated at the lower of cost and net realisable value. The net realisable value which was used in the individual identification and valuation of allowance for inventory valuation losses, involved subjective judgment and uncertainty of estimation. The Group's inventory and allowance for inventory valuation losses are significant to the consolidated financial statements. Thus, we identified the valuation of allowance for inventory valuation loss as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the Group's operations and the characteristics of its industry.
- B. Understood the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.

- C. Verified whether the inventory aging report that were used to assess obsolete and slow-moving inventories was correct, including changes in inventories being classified according to inventory aging.
- D. Checked the appropriateness of the estimation basis adopted by the Group for the evaluation of net realisable value, verified accuracy of inventory selling and purchase prices and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Taiwan Surface Mounting Technology Corp. as at and for the years ended December 31, 2020 and 2019.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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, 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 generally accepted auditing standards 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 generally accepted auditing standards 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 appropriate audit evidence regarding the financial information of the 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 of the current period 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.

CHIU, CHAO-HSIEN

LEE, HSIU-LING

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 7,659,898	20	\$ 6,193,861	19
1110	Financial assets at fair value through profit or loss - current	6(2)	995,178	3	962,644	3
1136	Current financial assets at amortised cost	6(4)	1,030,752	3	1,296,672	4
1150	Notes receivable, net	6(5)	-	-	2,002	-
1170	Accounts receivable, net	6(5)	12,934,273	34	12,504,014	38
1180	Accounts receivable - related parties	7	874	-	10	-
1200	Other receivables		88,900	-	297,146	1
130X	Inventories	6(6)	3,266,001	9	3,017,642	9
1410	Prepayments		472,933	1	509,718	1
1479	Other current assets, others		794	-	687	-
11XX	<b>Current Assets</b>		<u>26,449,603</u>	<u>70</u>	<u>24,784,396</u>	<u>75</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	272,586	1	284,617	1
1550	Investments accounted for under equity method	6(7)	5,670	-	1,726	-
1600	Property, plant and equipment	6(8)	8,738,159	23	6,881,715	21
1755	Right-of-use assets	6(9)	415,607	1	325,479	1
1840	Deferred income tax assets	6(24)	59,895	-	74,316	-
1915	Prepayments for business facilities		1,725,364	4	460,502	1
1990	Other non-current assets, others		362,802	1	353,663	1
15XX	<b>Non-current assets</b>		<u>11,580,083</u>	<u>30</u>	<u>8,382,018</u>	<u>25</u>
1XXX	<b>Total assets</b>		<u>\$ 38,029,686</u>	<u>100</u>	<u>\$ 33,166,414</u>	<u>100</u>

(Continued)

**TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10)	\$ 4,011,925	11	\$ 2,150,000	7
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	254	-
2150	Notes payable		19,136	-	5,122	-
2170	Accounts payable		12,773,971	34	12,595,997	38
2180	Accounts payable - related parties	7	104,765	-	110,033	-
2200	Other payables	6(11)	1,961,634	5	1,441,675	4
2230	Current income tax liabilities	6(24)	568,990	1	900,295	3
2280	Current lease liabilities		27,939	-	3,641	-
2300	Other current liabilities	6(12)	705,278	2	177,769	1
21XX	<b>Current Liabilities</b>		<u>20,173,638</u>	<u>53</u>	<u>17,384,786</u>	<u>53</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(12)	2,674,400	7	1,596,769	5
2570	Deferred income tax liabilities	6(24)	1,560,088	4	1,364,365	4
2580	Non-current lease liabilities		25,043	-	1,471	-
2600	Other non-current liabilities		101,163	1	76,611	-
25XX	<b>Non-current liabilities</b>		<u>4,360,694</u>	<u>12</u>	<u>3,039,216</u>	<u>9</u>
2XXX	<b>Total Liabilities</b>		<u>24,534,332</u>	<u>65</u>	<u>20,424,002</u>	<u>62</u>
<b>Equity attributable to owners of parent</b>						
	Share capital	6(14)				
3110	Share capital - common stock		2,923,984	8	2,923,984	9
	Capital surplus	6(15)				
3200	Capital surplus		2,515,059	6	2,515,001	7
	Retained earnings	6(16)				
3310	Legal reserve		1,620,061	4	1,416,844	4
3320	Special reserve		1,315,055	3	827,907	3
3350	Unappropriated retained earnings		6,729,459	18	6,063,207	18
	Other equity interest					
3400	Other equity interest		( 1,613,136)	( 4)	( 1,015,054)	( 3)
31XX	<b>Equity attributable to owners of the parent</b>		<u>13,490,482</u>	<u>35</u>	<u>12,731,889</u>	<u>38</u>
36XX	Non-controlling interest		4,872	-	10,523	-
3XXX	<b>Total equity</b>		<u>13,495,354</u>	<u>35</u>	<u>12,742,412</u>	<u>38</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 38,029,686</u>	<u>100</u>	<u>\$ 33,166,414</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17) and 7	\$ 41,405,758	100	\$ 37,906,373	100
5000	Operating costs	6(6)(22)(23) and 7	( 36,396,409)	( 88)	( 33,176,648)	( 87)
5900	Net operating margin		<u>5,009,349</u>	<u>12</u>	<u>4,729,725</u>	<u>13</u>
	Operating expenses	6(22)(23)				
6100	Selling expenses		( 232,532)	( 1)	( 280,229)	( 1)
6200	General and administrative expenses		( 1,184,885)	( 3)	( 1,091,050)	( 3)
6300	Research and development expenses		( 1,038,095)	( 2)	( 643,912)	( 2)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	( 53,772)	-	( 123,613)	-
6000	Total operating expenses		<u>( 2,509,284)</u>	<u>( 6)</u>	<u>( 2,138,804)</u>	<u>( 6)</u>
6900	Operating profit		<u>2,500,065</u>	<u>6</u>	<u>2,590,921</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6(18)	59,361	-	82,911	-
7010	Other income	6(19)	346,511	1	263,631	-
7020	Other gains and losses	6(20)	40,020	-	76,068)	-
7050	Finance costs	6(21)	( 53,026)	-	( 79,220)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	( 5,054)	-	( 56,530)	-
7000	Total non-operating income and expenses		<u>387,812</u>	<u>1</u>	<u>134,724</u>	<u>-</u>
7900	Profit before income tax		<u>2,887,877</u>	<u>7</u>	<u>2,725,645</u>	<u>7</u>
7950	Income tax expense	6(24)	( 699,628)	( 2)	( 696,067)	( 2)
8000	Profit for the year from continuing operations		<u>2,188,249</u>	<u>5</u>	<u>2,029,578</u>	<u>5</u>
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial loss on defined benefit plan	6(13)	( 18,407)	-	( 3,054)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 12,132)	-	( 127,638)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>( 30,539)</u>	<u>-</u>	<u>( 130,692)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		( 586,112)	( 1)	( 353,352)	( 1)
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		-	-	( 9,692)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>( 586,112)</u>	<u>( 1)</u>	<u>( 363,044)</u>	<u>( 1)</u>
8300	Total other comprehensive loss for the year		<u>( \$ 616,651)</u>	<u>( 1)</u>	<u>( \$ 493,736)</u>	<u>( 1)</u>
8500	Total comprehensive income for the year		<u>\$ 1,571,598</u>	<u>4</u>	<u>\$ 1,535,842</u>	<u>4</u>
	Profit (loss), attributable to:					
8610	Owners of the parent		\$ 2,193,738	5	\$ 2,035,222	5
8620	Non-controlling interest		( 5,489)	-	( 5,644)	-
			<u>\$ 2,188,249</u>	<u>5</u>	<u>\$ 2,029,578</u>	<u>5</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 1,577,249	4	\$ 1,545,021	4
8720	Non-controlling interest		( 5,651)	-	( 9,179)	-
			<u>\$ 1,571,598</u>	<u>4</u>	<u>\$ 1,535,842</u>	<u>4</u>
	Basic earnings per share	6(25)				
9750	Total basic earnings per share		<u>\$ 7.50</u>		<u>\$ 6.96</u>	
	Diluted earnings per share	6(25)				
9850	Total diluted earnings per share		<u>\$ 7.46</u>		<u>\$ 6.93</u>	

The accompanying notes are an integral part of these consolidated financial statements.

**TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained earnings					Other equity interest				
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity	
<b>Year 2019</b>											
	Balance at January 1, 2019	\$ 2,923,984	\$ 2,529,156	\$ 1,338,344	\$ 1,008,812	\$ 4,308,752	(\$ 253,078)	(\$ 274,829)	\$ 11,581,141	\$ 19,702	\$ 11,600,843
	Profit (loss) for the year	-	-	-	-	2,035,222	-	-	2,035,222	( 5,644 )	2,029,578
	Other comprehensive loss for the year	-	-	-	-	( 3,054 )	( 359,509 )	( 127,638 )	( 490,201 )	( 3,535 )	( 493,736 )
	Total comprehensive income (loss)	-	-	-	-	2,032,168	( 359,509 )	( 127,638 )	1,545,021	( 9,179 )	1,535,842
	Appropriation and distribution of 2018 retained earnings:	6(16)									
	Legal reserve	-	-	78,500	-	( 78,500 )	-	-	-	-	-
	Reversal of special reserve	-	-	-	( 180,905 )	180,905	-	-	-	-	-
	Cash dividends	-	-	-	-	( 380,118 )	-	-	( 380,118 )	-	( 380,118 )
	Disposal of associates accounted for using equity method	-	( 14,219 )	-	-	-	-	-	( 14,219 )	-	( 14,219 )
	Unclaimed dividends past due	6(15)	64	-	-	-	-	-	64	-	64
	Balance at December 31, 2019	<u>\$ 2,923,984</u>	<u>\$ 2,515,001</u>	<u>\$ 1,416,844</u>	<u>\$ 827,907</u>	<u>\$ 6,063,207</u>	<u>(\$ 612,587)</u>	<u>(\$ 402,467)</u>	<u>\$ 12,731,889</u>	<u>\$ 10,523</u>	<u>\$ 12,742,412</u>
<b>Year 2020</b>											
	Balance at January 1, 2020	<u>\$ 2,923,984</u>	<u>\$ 2,515,001</u>	<u>\$ 1,416,844</u>	<u>\$ 827,907</u>	<u>\$ 6,063,207</u>	<u>(\$ 612,587)</u>	<u>(\$ 402,467)</u>	<u>\$ 12,731,889</u>	<u>\$ 10,523</u>	<u>\$ 12,742,412</u>
	Profit (loss) for the year	-	-	-	-	2,193,738	-	-	2,193,738	( 5,489 )	2,188,249
	Other comprehensive loss for the year	-	-	-	-	( 18,407 )	( 585,950 )	( 12,132 )	( 616,489 )	( 162 )	( 616,651 )
	Total comprehensive income (loss)	-	-	-	-	2,175,331	( 585,950 )	( 12,132 )	1,577,249	( 5,651 )	1,571,598
	Appropriation and distribution of 2019 retained earnings:	6(16)									
	Legal reserve	-	-	203,217	-	( 203,217 )	-	-	-	-	-
	Special reserve	-	-	-	487,148	( 487,148 )	-	-	-	-	-
	Cash dividends	-	-	-	-	( 818,714 )	-	-	( 818,714 )	-	( 818,714 )
	Unclaimed dividends past due	6(15)	58	-	-	-	-	-	58	-	58
	Balance at December 31, 2020	<u>\$ 2,923,984</u>	<u>\$ 2,515,059</u>	<u>\$ 1,620,061</u>	<u>\$ 1,315,055</u>	<u>\$ 6,729,459</u>	<u>(\$ 1,198,537)</u>	<u>(\$ 414,599)</u>	<u>\$ 13,490,482</u>	<u>\$ 4,872</u>	<u>\$ 13,495,354</u>

The accompanying notes are an integral part of these consolidated financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,887,877	\$ 2,725,645
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on valuation of financial liabilities at fair value through profit or loss	6(2)	-	254
Expected credit loss	6(22) and 12(2)	53,772	123,613
Depreciation expense (including right-of-use assets)	6(8)(9)(22)	880,871	790,519
(Gain) loss on reversal of impairment loss on financial assets	6(8)(20)	( 39,624 )	40,500
Interest income	6(18)	( 59,361 )	( 82,911 )
Interest expense	6(21)	53,026	79,220
Gain on disposal of associates accounted for using equity method	6(20)	-	( 185,924 )
Losses on disposals of property, plant and equipment	6(20)	82,776	74,593
Share of loss of associates and joint ventures accounted for using equity method		5,054	56,530
Unrealized foreign exchange gain		6,028	12,414
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		2,002	22,911
Accounts receivable, net		( 466,115 )	( 348,313 )
Accounts receivable - related parties		( 864 )	34
Other receivables		195,852	44,168
Inventories		( 127,445 )	( 171,629 )
Prepayments		( 228,176 )	89,481
Other current assets, others		( 107 )	( 3 )
Changes in operating liabilities			
Notes payable		14,014	( 89 )
Accounts payable		177,974	2,161,921
Accounts payable - related parties		( 5,268 )	( 15,980 )
Other payables		562,184	54,552
Other current liabilities		( 34,764 )	( 1,867 )
Cash inflow generated from operations		3,959,706	5,469,639
Interest received		66,420	71,610
Income taxes paid		( 544,026 )	( 602,696 )
Interest paid		( 51,762 )	( 80,254 )
Net cash flows from operating activities		<u>3,430,338</u>	<u>4,858,299</u>

(Continued)

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease in valuation of financial assets at fair value through profit or loss		(\$ 32,788 )	(\$ 318,989 )
Acquisition of financial assets at fair value through other comprehensive income		-	( 6,446 )
Acquisition of investments accounted for using equity method		( 9,000 )	-
Proceeds from repayments of financial assets at amortised cost		1,312,970	( 1,296,672 )
Acquisition of property, plant and equipment	6(26)	( 2,835,557 )	( 1,119,179 )
Proceeds from disposal of property, plant and equipment	6(8)	64,166	51,210
Acquisition of financial assets at amortised cost		( 1,041,093 )	-
Acquisition of use-of-right assets		( 66,030 )	-
Increase in prepayments for business facilities		( 1,703,908 )	( 452,492 )
Increase in refundable deposits		( 6,678 )	( 633 )
Decrease (increase) in other non-current assets		( 1,384 )	59,386
Net cash flows used in investing activities		( 4,319,302 )	( 3,083,815 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(27)	9,503,966	4,279,167
Repayments of short-term borrowings	6(27)	( 7,631,106 )	( 4,983,576 )
Cash dividends paid	6(16)	( 818,714 )	( 380,118 )
Proceeds from long-term borrowings	6(27)	3,286,195	1,685,460
Repayments of long-term debt	6(27)	( 1,595,218 )	( 945,438 )
Increase in other non-current liabilities	6(27)	6,145	1,818
Unclaimed dividends past due	6(15)	58	64
Repayments of principal portion of lease liabilities	6(27)	( 17,093 )	( 10,339 )
Net cash flows from (used in) financing activities		2,734,233	( 352,962 )
Effect of exchange rate changes on cash and cash equivalents		( 379,232 )	( 218,122 )
Net increase in cash and cash equivalents		1,466,037	1,203,400
Cash and cash equivalents at beginning of year	6(1)	6,193,861	4,990,461
Cash and cash equivalents at end of year	6(1)	\$ 7,659,898	\$ 6,193,861

The accompanying notes are an integral part of these consolidated financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- A. Taiwan Surface Mounting Technology Corp. (the “Company”) and its subsidiaries (collectively referred herein as the “Group”) were incorporated as company in March 1990. The Company is primarily engaged in design, processing, manufacturing and trading of TFT-LCD panels, general electronic information products and PCB surface mount packaging.
- B. On March 12, 2004, the Company’s common stock was officially listed on the Taipei Exchange approved by the Financial Supervisory Commission. In July 2010, the Company’s common stock was officially listed on the Taiwan Stock Exchange Corporation approved by the Financial Supervisory Commission. The Company has officially terminated trading on the Taipei Exchange, and was listed on the Taiwan Stock Exchange Corporation since August 24, 2010.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 19, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.



(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

##### (2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (d) If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
Taiwan Surface Mounting Technology Corp.	Taiwan Surface Mounting Technology (B.V.I.) Co. Limited	Investment holding company	100.00	100.00	
"	TAIWAN SURFACE MOUNTING TECHNOLOGY CO.,LTD	Rendering service for specific contract items	99.99	99.99	
"	High-Toned Opto Technology Corp	Manufacture and assembling of LED products	85.24	85.24	
"	BAI HUNG INVESTMENT CORP. LTD.	Investment holding company	99.99	99.99	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
Taiwan Surface Mounting Technology Corp.	Fitivision Technology Inc.	Digital security monitor and wireless communication device	100.00	100.00	
"	TSMT Technology (Singapore) Pte. Ltd	Investment holding company	100.00	100.00	
"	TELE SYSTEM COMMUNCIATIONS PTE LTD.	Design and manufacture of wired communication equipment and apparatus and channel KU of Satellite TV	31.33	31.33	
Taiwan Surface Mounting Technology (B.V.I.) Co. Limited	Regent Manner Int'l Holdings Limited	Investment holding company	100.00	100.00	
Taiwan Surface Mounting Technology (B.V.I.) Co. Limited	Taiwan Surface Mounting Technology(U.S.A ) Co., Ltd (TSMC-USA)	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
Regent Manner Int'l Holdings Limited	Regent Manner (BVI) Limited	Investment holding company	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
Regent Manner (BVI) Limited	Regent Manner Limited	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
Regent Manner Limited	Regent Electron (Suzhou) Co., Ltd	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
"	TAIWAN SURFACE MOUNTING TECHNOLOGY (SUZHOU) CO., LTD	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
"	REGENT ELECTRON (NINGBO) CO., LTD	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
Regent Manner Limited	Regent Electron (Xiamen) Co.,Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
"	REGENT ELECTRON (CHENGDU) CO., LTD	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
"	Regent Electron (Dongguan) Co.,Ltd	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
"	REGENT ELECTRON (HE FEI) CO.,LTD.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
Regent Manner Limited	REGENT ELECTRON (CHONG QING) CO., LTD	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
"	Ningbo Yongfu Trade Co., Ltd.	Sales of computer motherboard and interface card of peripheral devices	100.00	100.00	
Ningbo Yongfu Trade Co., Ltd	DONGGUAN ZUEFU ELECTRON CO., LTD.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	
Regent Electron (Suzhou) Co., Ltd	Jun-Ji Suzhou Automotive Electric Co., Ltd.	Research and development and sales of automotive electronics	-	-	Note

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
Regent Electron (Suzhou) Co., Ltd	Regent Electron (Xian Yang) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral	100.00	100.00	
High-Toned Opto Technology Corp	High-Toned Technology (Hong Kong) Limited	Investment holding company	100.00	100.00	
BAI HUNG INVESTMENT CORP. LTD.	Tai Ming Green Power CO.,LTD.	Sales of LED application products	100.00	100.00	
"	Wellight Technology Corp.	Sales of LED application products	-	-	Note
"	TELE SYSTEM COMMUNCIATIONS PTE LTD.	Design and manufacture of wired communication equipment and apparatus and channel KU of Satellite TV	33.34	33.34	
TSMT Technology (Singapore) Pte. Ltd.	TSMT Technology (India) Pvt. Ltd	Processing and manufacturing of computer motherboard and interface card of peripheral devices	100.00	100.00	



Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
TELE SYSTEM COMMUNICACIONES PTE LTD.	TELE SYSTEM COMMUNICACIONES DE MEXICO, S.A. DE C.V.	Sales of wired communication equipment and apparatus and channel KU of Satellite TV	99.00	99.00	
"	TSC ELECTRONIC PTE. LTD.	Sales of wired communication equipment and apparatus and channel KU of Satellite TV	100.00	100.00	

Note: The business registration was cancelled in 2019.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: Cash, bank deposits and financial product of \$4,421,720 deposited in Mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

##### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

#### (5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;

- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the standard cost method. Variances are recorded to show the difference between the expected and actual costs, which will be allocated to operating cost and ending inventory at end of year. Allocated actual cost is approaching the actual cost assessed under weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Property, plant and equipment subsequently apply cost model. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be separately depreciated by using the straight-line to allocate their cost over their estimated useful lives.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the estimated useful lives of property, plant and equipment are as follows:
 

Buildings and structures	20~35 years
Machinery and equipment	5~10 years
Other facilities	3~10 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
  - (a) Fixed payments, less any lease incentives receivable;
  - (b) Variable lease payments that depend on an index or a rate;
  - (c) Amounts expected to be payable by the lessee under residual value guarantees;
  - (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
  - (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date;
  - (c) Any initial direct costs incurred by the lessee; and
  - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Intangible assets are computer software and acquired special technology and are amortised using the straight-line method over 2 years.

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.



(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
  - (a) Hybrid (combined) contracts; or
  - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
  - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' remuneration

Employees' and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Where the Group repurchases the Group's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

- A. The Group manufactures and sells the products in relation to TFT-LCD panels and PCB surface mount packaging on general electronic information products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Sale revenue is measured at the contract price taking into account of business tax, sales returns and discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the sales are made with a credit term of 30 days to 90 days when control of the products has been transferred, which is consistent with market practice.
- C. A receivable is recognised when control of the products has been transferred to the customer. As this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments,

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2020, the carrying amount of inventories was \$3,266,001.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 6,175	\$ 6,165
Chenking accounts and demand deposits	6,077,204	3,550,000
Time deposits	1,576,519	2,637,696
	<u>\$ 7,659,898</u>	<u>\$ 6,193,861</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets/liabilities at fair value through profit or loss

<u>Assets Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Capital guarantee financial products	<u>\$ 995,178</u>	<u>\$ 962,644</u>
<u>Liabilities Items</u>		
Current items:		
Financial liabilities held for trading		
Cross currency swap	<u>\$ -</u>	<u>\$ 254</u>

A. Amounts recognised in profit or loss in relation to financial assets liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Capital guarantee financial products	\$ 38,710	\$ 38,806
Cross currency swap-settled gain or loss	( 4,794)	8,318
Forward foreign exchange contracts - settled gain or loss	1,017	2,257
Financial liabilities mandatorily measured at fair value through profit or loss		
Cross currency swap - valuation gain or loss	-	( 254)
	<u>\$ 34,933</u>	<u>\$ 49,127</u>

B. The Group entered into contracts relating to derivative financial assets liabilities which were not accounted for under hedge accounting. The information is listed below:

<u>Derivative financial liabilities</u>	<u>December 31, 2020</u>	
	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:		
Cross currency swap	<u>\$ 90,660</u>	2019.12.20~2020.1.21
Cross currency swap		

The Group entered into cross currency swap contracts relating to derivative financial instruments to hedge exchange rate risk of foreign currency assets. However, these cross-currency swap derivative instruments are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Equity instruments		
Listed stocks	\$ 290,896	\$ 290,896
Unlisted stocks	396,289	396,188
Valuation adjustment	( 414,599)	( 402,467)
Total	<u>\$ 272,586</u>	<u>\$ 284,617</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

- B. For the years ended December 31, 2020 and 2019, the Group recognised financial assets at fair value through other comprehensive income in comprehensive income (loss) amounting to (\$12,132) and (\$127,638), respectively.
- C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Drawing restricted demand deposits	\$ 63,162	\$ 37,856
Drawing restricted time deposits	505,415	344,770
Time deposits with maturity over 3 month:	462,175	914,046
	\$ 1,030,752	\$ 1,296,672

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2020	2019
Interest income	\$ 13,512	\$ 6,292

- B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$1,030,752 and \$1,296,672, respectively.
- C. The Group has no financial assets at amortised cost pledged to others as collateral.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ -	\$ 2,002
Accounts receivable	\$ 13,105,465	\$ 12,767,565
Less: Allowance for bad debts	( 171,192)	( 263,551)
	\$ 12,934,273	\$ 12,504,014

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 12,839,129	\$ -	\$ 12,066,791	\$ 2,002
Up to 90 days	112,984	-	441,831	-
91 to 180 days	36,243	-	13,689	-
181 to 365 days	25,795	-	57,202	-
Over 1 year	91,314	-	188,052	-
	<u>\$ 13,105,465</u>	<u>\$ -</u>	<u>\$ 12,767,565</u>	<u>\$ 2,002</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to \$12,466,086.

C. The Group does not hold any collateral as security.

D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$0 and \$2,002; \$12,934,273 and \$12,504,014, respectively.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,695,698	(\$ 144,041)	\$ 2,551,657
Work in progress	56,732	-	56,732
Finished goods	703,974	( 46,362)	657,612
	<u>\$ 3,456,404</u>	<u>(\$ 190,403)</u>	<u>\$ 3,266,001</u>
	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,176,762	(\$ 123,787)	\$ 2,052,975
Work in progress	121,537	-	121,537
Finished goods	900,824	( 57,694)	843,130
Total	<u>\$ 3,199,123</u>	<u>(\$ 181,481)</u>	<u>\$ 3,017,642</u>



The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	\$ 36,387,487	\$ 33,160,791
Loss on decline in market value	8,922	3,665
Scrap loss	-	9,430
Others	-	2,762
	<u>\$ 36,396,409</u>	<u>\$ 33,176,648</u>

(7) Investment accounted for using equity method

	December 31, 2020	December 31, 2019
iWEECARE Co., Ltd.	<u>\$ 5,670</u>	<u>\$ 1,726</u>

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2020	December 31, 2019		
iWEECARE Co., Ltd.	Taiwan	14.87%	16.78%	Note	Equity method

Note: The Group's customer. The Group did not participate in the capital increase raised by iWEECARE Co., Ltd. proportionally to its interest to iWEECARE Co., Ltd. in recent years, the shareholding ratio decreased to 14.87%. However, as the Group is the main supplier and a director of iWEECARE Co., Ltd, it is assessed that the Group maintains significant influence over the company.

B. The summarised financial information of the associates that are material to the Company is as follows:

(a) Balance sheet

	iWEECARE Co., Ltd.	
	December 31, 2020	December 31, 2019
Current assets	\$ 52,843	\$ 11,971
Non-current assets	4,583	658
Current liabilities	( 6,013)	( 2,385)
Non-current liabilities	-	( 534)
Total net assets	<u>\$ 51,413</u>	<u>\$ 9,710</u>
Share in associate's net assets	\$ 7,645	\$ 1,629
Difference on net equity	( 1,975)	97
Carrying amount of the associate	<u>\$ 5,670</u>	<u>\$ 1,726</u>

## (b) Statement of comprehensive income

		iWEECARE Co., Ltd.	
		Years ended December 31,	
		2020	2019
Revenue	\$	895	\$ 68
Loss for the year from continuing operations	(	22,388)	( 9,301)
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the year	(\$	22,388)	(\$ 9,301)
Dividends received from associates	\$	-	\$ -

(8) Property, plant and equipment

		2020					
		Land	Buildings and structures	Machinery and equipment	Office equipment	Other facilities	Total
<u>January 1</u>							
Cost	\$	252,140	4,323,180	5,265,628	67,450	443,815	\$ 10,352,213
Accumulated depreciation and impairment		-	( 1,257,660)	( 2,007,780)	-	( 205,058)	( 3,470,498)
	\$	<u>252,140</u>	<u>\$ 3,065,520</u>	<u>\$ 3,257,848</u>	<u>\$ 67,450</u>	<u>\$ 238,757</u>	<u>\$ 6,881,715</u>
At January 1	\$	252,140	\$ 3,065,520	\$ 3,257,848	\$ 67,450	\$ 238,757	\$ 6,881,715
Additions		-	17,478	2,029,310	516,967	228,313	2,792,068
Transfer		-	63,683	382,277	( 63,683)	16,806	399,083
Disposals		-	-	( 132,292)	-	( 14,650)	( 146,942)
Depreciation charge		-	( 191,921)	( 577,837)	-	( 80,871)	( 850,629)
Reversal of impairment loss		-	-	39,414	-	210	39,624
Net exchange differences	(	246)	( 80,809)	( 244,555)	( 27,886)	( 23,264)	( 376,760)
At December 31	\$	<u>251,894</u>	<u>\$ 2,873,951</u>	<u>\$ 4,754,165</u>	<u>\$ 492,848</u>	<u>\$ 365,301</u>	<u>\$ 8,738,159</u>
<u>December 31</u>							
Cost	\$	251,894	4,249,550	6,740,304	492,848	592,297	\$ 12,326,893
Accumulated depreciation and impairment		-	( 1,375,599)	( 1,986,139)	-	( 226,996)	( 3,588,734)
	\$	<u>251,894</u>	<u>\$ 2,873,951</u>	<u>\$ 4,754,165</u>	<u>\$ 492,848</u>	<u>\$ 365,301</u>	<u>\$ 8,738,159</u>

2019

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other facilities	Total
<u>January 1</u>						
Cost	\$ 252,284	\$ 4,416,830	\$ 4,872,959	\$ 62,812	\$ 405,339	\$ 10,010,224
Accumulated depreciation and impairment	-	( 1,091,891)	( 2,173,254)	-	( 215,098)	( 3,328,607)
	<u>\$ 252,284</u>	<u>\$ 3,324,939</u>	<u>\$ 2,699,705</u>	<u>\$ 62,812</u>	<u>\$ 190,241</u>	<u>\$ 6,529,981</u>
At January 1	\$ 252,284	\$ 3,324,939	\$ 2,699,705	\$ 62,812	\$ 190,241	\$ 6,529,981
Additions	-	25,140	1,016,536	13,360	119,017	1,174,053
Transfer	-	3,544	328,114	( 3,544)	10,691	338,805
Disposals	-	-	( 115,583)	( 2,276)	( 7,944)	( 125,803)
Depreciation charge	-	( 194,152)	( 516,529)	-	( 63,049)	( 773,730)
Impairment loss	-	-	( 40,254)	-	( 246)	( 40,500)
Net exchange differences	( 144)	( 93,951)	( 114,141)	( 2,902)	( 9,953)	( 221,091)
At December 31	<u>\$ 252,140</u>	<u>\$ 3,065,520</u>	<u>\$ 3,257,848</u>	<u>\$ 67,450</u>	<u>\$ 238,757</u>	<u>\$ 6,881,715</u>
<u>December 31</u>						
Cost	\$ 252,140	\$ 4,323,180	\$ 5,265,628	\$ 67,450	\$ 443,815	\$ 10,352,213
Accumulated depreciation and impairment	-	( 1,257,660)	( 2,007,780)	-	( 205,058)	( 3,470,498)
	<u>\$ 252,140</u>	<u>\$ 3,065,520</u>	<u>\$ 3,257,848</u>	<u>\$ 67,450</u>	<u>\$ 238,757</u>	<u>\$ 6,881,715</u>

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings and business vehicles. Except for land use right with a term of 45 to 94 years, rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 363,877	\$ 320,387
Buildings	37,123	4,122
Transportation equipment (Business vehicles)	<u>14,607</u>	<u>970</u>
	<u>\$ 415,607</u>	<u>\$ 325,479</u>

	Years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	\$ 11,943	\$ 320,387
Buildings	16,608	4,122
Transportation equipment (Business vehicles)	1,691	970
	<u>\$ 30,242</u>	<u>\$ 325,479</u>

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$132,326 and \$3,974, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 292	\$ 104
Expense on short-term lease contracts	8,837	9,329
Expense on leases of low-value assets	211	283

E. For the year ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$26,433 and \$20,055, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Unsecured borrowings	\$ 3,974,994	0.62% ~ 3.5%	None
L/C borrowings	36,931	0.60%	None
	<u>\$ 4,011,925</u>		
Type of borrowings	December 31, 2019	Interest rate range	Collateral
Unsecured borrowings	<u>\$ 2,150,000</u>	0.76% ~ 0.84%	None

(11) Other payables

	December 31, 2020	December 31, 2019
Salary and bonus payable	\$ 626,532	\$ 485,864
Directors' remuneration and employees' compensation payables	244,416	173,528
Payables for machinery and equipment	201,279	244,768
Others	889,407	537,515
	<u>\$ 1,961,634</u>	<u>\$ 1,441,675</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Installment-repayment borrowings				
Bank unsecured USD borrowings	Borrowing period for US\$14 million is from December 16, 2016 to December 16, 2021; interest is repayable monthly, and borrowings is repayable in 11 installments starting from June 16, 2019.	1.57%~1.75%	None	\$ 301,034
Bank unsecured USD borrowings	Borrowings period for the payment of US\$10 million is from December 10, 2020 to December 10, 2023; interest is repayable monthly. In addition, the payment of US\$100 thousand is repaid on September 10, 2023 and the payment of US\$9,900 thousand is repaid at maturity.	0.98%	None	284,800
Bank unsecured USD borrowings	Borrowings period for the payment of US\$20 million is from December 10, 2020 to December 10, 2025; and the principal is repayable in 12 installments starting from March 10, 2023.	1.25%	None	569,600
Bank unsecured borrowings	Borrowing period is from June 17, 2019 to June 17, 2022; principal is repayable in 4 installments from September 17, 2021.	0.99%	None	400,000
Bank unsecured borrowings	Principal is repayable from June 28, 2019 to June 28, 2022 at maturity.	1.00%	None	270,000
Bank unsecured borrowings	Principal is repayable from April 15, 2020 to June 28, 2022 at maturity.	1.00%	None	270,000
Bank unsecured borrowings	Principal is repayable from May 5, 2020 to December 31, 2022 at maturity.	0.96%	None	500,000
Bank unsecured borrowings	Borrowing period is from November 5, 2020 to November 5, 2023; principal is repayable in 3 installments from November 5, 2022.	0.94%	None	700,000
Less: Current portion (show as "Other current liabilities")				( 621,034)
				<u>\$ 2,674,400</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Installment-repayment borrowings				
Bank unsecured USD borrowings	Borrowing period for US\$14 million is from December 16, 2016 to December 16, 2021; interest is repayable monthly and borrowing is repayable in 11 installments starting from June 16, 2019.	3.25%~3.40%	None	\$ 375,650
Bank unsecured USD borrowings	Borrowing period for US \$6 million is from July 12, 2019 to December 14, 2022; borrowing is repayable in 8 installments starting from January 12, 2021.	2.99%	None	179,880
Bank unsecured borrowings	Principal is repayable from March 27, 2019 to July 27, 2021 at maturity.	1.10%	None	400,000
Bank unsecured borrowings	Borrowing period is from June 17, 2019 to June 17, 2022; principal is repayable in 4 installments from September 17, 2021.	1.19%	None	400,000
Bank unsecured borrowings	Principal is repayable from June 28, 2019 to June 28, 2022 at maturity.	1.17%	None	300,000
Less: Current portion (show as "Other current liabilities")				( 58,761)
				<u>\$ 1,596,769</u>

### (13) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 101,255	\$ 97,481
Fair value of plan assets	( 36,808)	( 36,068)
Net defined benefit liability	<u>\$ 64,447</u>	<u>\$ 61,413</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2020</u>			
Balance at January 1	\$ 101,255	(\$ 36,808)	\$ 64,447
Current service cost	542	-	542
Interest (expense) income	810	( 295)	515
	<u>102,607</u>	<u>( 37,103)</u>	<u>65,504</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	( 1,243)	( 1,243)
Change in financial assumptions	5,338	-	5,338
Experience adjustments	14,311	-	14,311
	<u>19,649</u>	<u>( 1,243)</u>	<u>18,406</u>
Pension fund contribution	-	( 1,082)	( 1,082)
Paid pension	( 3,574)	3,574	-
Balance at December 31	<u>\$ 118,682</u>	<u>(\$ 35,854)</u>	<u>\$ 82,828</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	\$ 97,481	(\$ 36,068)	\$ 61,413
Current service cost	692	-	692
Interest expense (income)	1,072	( 397)	675
	<u>99,245</u>	<u>( 36,465)</u>	<u>62,780</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	( 1,258)	( 1,258)
Change in financial assumptions	3,853	-	3,853
Experience adjustments	459	-	459
	<u>4,312</u>	<u>( 1,258)</u>	<u>3,054</u>
Pension fund contribution	-	( 1,387)	( 1,387)
Paid pension	( 2,302)	2,302	-
Balance at December 31	<u>\$ 101,255</u>	<u>(\$ 36,808)</u>	<u>\$ 64,447</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2020	2019
Discount rate	0.40%	0.80%
Future salary increases	3.50%	3.50%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 3,378)	\$ 3,522	\$ 3,112	(\$ 3,007)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 3,224)	\$ 3,368	\$ 3,018	(\$ 2,911)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. Many assumptions in practice is likely linked. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.



The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$1,057.

(g) As of December 31, 2020, the weighted average duration of the retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	5,426
1-2 year(s)		8,312
3-5 years		21,120
6-10 years		15,962
	\$	<u>50,820</u>

B. (a) Effective July 1, 2005, the Company and domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and domestic subsidiaries contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The Company’s other overseas subsidiaries have a defined contribution plan. Contributions to local pension management business in accordance with the local pension regulations are based on certain percentage of employees’ monthly salaries and wages.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$119,428 and \$147,711, respectively.

(14) Share capital

As of December 31, 2020, the Company’s authorised capital was \$5,000,000, consisting of 500,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options and 20 thousand shares reserved for convertible bonds issued by the Company), and the paid-in capital was \$2,923,984 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. For the years ended December 31, 2020 and 2019, numbers of the Company’s ordinary shares outstanding at beginning and end of year have no change.

(15) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. Changes in capital surplus are provided as follows:

	2020				
	Share premium	Treasury share transactions	Employee restricted shares	Others	Total
At January 1	\$ 2,353,508	\$ 13,360	\$ 147,951	\$ 182	\$2,515,001
Unclaimed dividends that were past due	-	-	-	58	58
At December 31	<u>\$ 2,353,508</u>	<u>\$ 13,360</u>	<u>\$ 147,951</u>	<u>\$ 240</u>	<u>\$2,515,059</u>

  

	2019					
	Share premium	Treasury share transactions	Employee restricted shares	Changes in equity of associates and joint ventures accounted for using equity	Others	Total
At January 1	\$2,353,508	\$ 13,360	\$ 147,951	\$ 14,219	\$ 118	\$2,529,156
Unclaimed dividends that were past due	-	-	-	-	64	64
Changes in associates accounted for equity method in equity	-	-	-	( 14,219)	-	( 14,219)
At December 31	<u>\$2,353,508</u>	<u>\$ 13,360</u>	<u>\$ 147,951</u>	<u>\$ -</u>	<u>\$ 182</u>	<u>\$2,515,001</u>

(16) Retained earnings

- A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount shall be set aside as legal reserve. After setting aside or reversing a special reserve in accordance with related laws and competent authority, the appropriation of the remaining earnings, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

The Company's dividend policy is residual dividend policy. Taking into consideration the Company's future operation plan, business development, budget of capital expenditure and capital requirement, the Board of Directors proposed the appropriation of unappropriated retained earnings at the shareholders' meeting for approval based on the Company's actual profit and capital conditions. Dividends can be distributed by cash or stocks, however, cash dividend shall be more than 20% of total dividends.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings of years 2019 and 2018 as resolved by the shareholders at their meetings on June 19, 2020 and June 13, 2019 are as follows:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 203,217		\$ 78,500	
Provision for reversal of special reserve	487,148		( 180,905)	
Cash dividend	818,714	\$ 2.8	380,118	\$ 1.3

The abovementioned distribution of earnings for the year of 2019 was in agreement with those amounts proposed by the Board of Directors on March 20, 2020.

(17) Operating revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Years ended December 31,	
	2020	2019
Revenue from contracts with customers:		
TFT-LCD panels	\$ 30,200,077	\$ 27,844,051
General electronic information products	11,205,681	10,062,322
	<u>\$ 41,405,758</u>	<u>\$ 37,906,373</u>

(18) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 45,849	\$ 76,619
Interest income from financial assets measured at amortised cost	13,512	6,292
	<u>\$ 59,361</u>	<u>\$ 82,911</u>

(19) Other income

	Years ended December 31,	
	2020	2019
Rent income	\$ 56,534	\$ 66,171
Other income	289,977	197,460
Total	<u>\$ 346,511</u>	<u>\$ 263,631</u>

(20) Other gains and losses

	Years ended December 31,	
	2020	2019
Losses on disposals of property, plant and equipment	(\$ 82,776)	(\$ 74,593)
Gains on disposals of investments	-	185,924
Net currency exchange gains (losses)	109,496	( 139,397)
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	39,624	-
Gains on financial assets/liabilities at fair value through profit or loss	34,933	49,127
Miscellaneous disbursements	( 61,257)	( 56,629)
Impairment loss on non-financial assets (note)	-	( 40,500)
	<u>\$ 40,020</u>	<u>(\$ 76,068)</u>

Note: Certain machinery and equipment have no value-in-use under the Group's assessment for the year ended December 31, 2019, therefore, the Group recognised impairment loss in the amount of \$40,500.

(21) Finance costs

	Years ended December 31,	
	2020	2019
Interest expenses:	<u>\$ 53,026</u>	<u>\$ 79,220</u>

(22) Expenses by nature

	Years ended December 31,	
	2020	2019
Change in inventory of finished goods	\$ 193,441	(\$ 111,933)
Raw materials and supplies used	31,653,951	29,010,311
Employee benefit expense	3,723,964	3,426,059
Depreciation charges on property, plant and equipment	850,629	773,730
Other expenses	2,429,936	2,093,672
Expected credit loss	53,772	123,613
Operating cost and operating expenses	<u>\$ 38,905,693</u>	<u>\$ 35,315,452</u>

(23) Employee benefit expense

	Years ended December 31,	
	2020	2019
Salary expenses	\$ 3,228,085	\$ 2,944,374
Labour and health insurance fees	135,683	58,445
Pension costs	120,485	149,078
Other personnel expenses	239,711	274,162
	<u>\$ 3,723,964</u>	<u>\$ 3,426,059</u>

- A. In accordance with the amendment of the company's Articles of Incorporation, a ratio of profit before tax without deducting employees' compensation and directors' and supervisors' remuneration of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$149,560 and \$115,200, respectively; while directors' and supervisors' remuneration was accrued at \$15,000 and \$10,000, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the ration specified in the Company's Articles of Incorporation for the year ended December 31, 2020. The employees' compensation will be distributed in the form of cash. Employees' compensation and directors' and supervisors' remuneration of 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2019.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 488,406	\$ 728,611
Tax on undistributed surplus earnings	26,154	25,406
Prior year income tax over estimation	( 23,589)	( 106,767)
Total current tax	<u>490,971</u>	<u>647,250</u>
Deferred tax:		
Origination and reversal of temporary differences	210,144	44,020
Effect of foreign exchange	( 1,487)	4,797
Income tax expense	<u>\$ 699,628</u>	<u>\$ 696,067</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2020	2019
Income tax calculated by applying statutory rate to profit before tax (Note)	\$ 1,478,429	\$ 1,308,542
Effect of amount not allowed to recognise under regulations	( 810,271)	( 531,114)
Taxable loss not recognised as deferred tax assets	( 2,545)	-
Prior year income tax over estimation	( 23,589)	( 106,767)
Change in assessment of realisation of deferred tax assets and liabilities	31,450	-
Tax on undistributed surplus earnings	<u>26,154</u>	<u>25,406</u>
Income tax expense	<u>\$ 699,628</u>	<u>\$ 696,067</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2020		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets			
-Temporary differences:			
Unrealised loss for market value decline and obsolete and slow-moving inventories	\$ 31,440	\$ 1,201	\$ 32,641
Bad debt expense	1,263	( 537)	726
Tax losses	18,818	( 18,818)	-
Others	<u>22,795</u>	<u>3,733</u>	<u>26,528</u>
	<u>\$ 74,316</u>	<u>(\$ 14,421)</u>	<u>\$ 59,895</u>
-Deferred tax liabilities:			
Unrealised gain on investments	( 1,177,575)	( 65,858)	( 1,243,433)
Others	( 186,790)	( 129,865)	( 316,655)
	<u>(\$ 1,364,365)</u>	<u>(\$ 195,723)</u>	<u>(\$ 1,560,088)</u>
	<u>(\$ 1,290,049)</u>	<u>(\$ 210,144)</u>	<u>(\$ 1,500,193)</u>
	2019		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets			
-Temporary differences:			
Unrealised loss for market value decline and obsolete and slow-moving inventories	\$ 25,343	\$ 6,097	\$ 31,440
Bad debt expense	644	619	1,263
Tax losses	30,525	( 11,707)	18,818
Others	<u>24,961</u>	<u>( 2,166)</u>	<u>22,795</u>
	<u>\$ 81,473</u>	<u>(\$ 7,157)</u>	<u>\$ 74,316</u>
-Deferred tax liabilities:			
Unrealised gain on investments	( 1,286,212)	108,637	( 1,177,575)
Others	( 41,290)	( 145,500)	( 186,790)
	<u>(\$ 1,327,502)</u>	<u>(\$ 36,863)</u>	<u>(\$ 1,364,365)</u>
	<u>(\$ 1,246,029)</u>	<u>(\$ 44,020)</u>	<u>(\$ 1,290,049)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company's subsidiaries are as follows:

December 31, 2020				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>
2010~2020	\$ 1,390,129	\$ 1,335,736	\$ 1,335,736	2020~2030

  

December 31, 2019				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>
2009~2019	\$ 1,408,939	\$ 1,291,934	\$ 1,196,656	2019~2029

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Deductible temporary differences	\$ 1,198,537	\$ 612,587

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

(25) Earnings per share

	<u>Year ended December 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,193,738	292,398	\$ 7.50
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,193,738	292,398	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,680	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,193,738	294,078	\$ 7.46



	Year ended December 31, 2019		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,035,222	292,398	\$ 6.96
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,035,222	292,398	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,226	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,035,222	293,624	\$ 6.93

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	<u>2020</u>	<u>2019</u>
Purchase of property, plant and equipment	244,768	\$ 1,174,053
Add: Opening balance of payable on equipment		189,894
Less: Ending balance of payable on equipment	( 201,279)	( 244,768)
Cash paid during the year	\$ 43,489	\$ 1,119,179

B. Financing activities with no cash flow effects

	Years ended December 31,	
	<u>2020</u>	<u>2019</u>
Prepayments for business facilities and prepayments transferred to property, plant and equipment	\$ 399,083	\$ 338,805

(27) Changes in liabilities from financing activities

	2020					
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other non-current liabilities	Liabilities from financing activities-gross
At January 1	\$ 2,150,000	\$ 1,655,530	\$ 5,112	\$ 12,135	\$ 64,476	\$ 3,887,253
Changes in cash flow from financing activities	1,872,860	1,690,977	( 17,093)	6,200	( 55)	3,552,889
Interest expense paid (Note)	-	-	( 292)	-	-	( 292)
Interest expense (Note)	-	-	292	-	-	292
Impact of changes in foreign exchange rate	( 10,935)	( 51,073)	221	-	-	( 61,787)
Changes in other non-cash items	-	-	64,742	-	18,407	83,149
At December 31	<u>\$ 4,011,925</u>	<u>\$ 3,295,434</u>	<u>\$ 52,982</u>	<u>\$ 18,335</u>	<u>\$ 82,828</u>	<u>\$ 7,461,504</u>

Note: Shown as operating cash flows.

	2019					
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Other non-current liabilities	Liabilities from financing activities-gross
At January 1	\$ 2,856,437	\$ 930,080	\$ 11,543	\$ 10,318	\$ 61,413	\$ 3,869,791
Changes in cash flow from financing activities	( 704,409)	740,022	( 10,339)	1,817	1	27,092
Interest expense paid (Note)	-	-	( 104)	-	-	( 104)
Interest expense (Note)	-	-	104	-	-	104
Impact of changes in foreign exchange rate	( 2,028)	( 14,572)	( 66)	-	8	( 16,658)
Changes in other non-cash items	-	-	3,974	-	3,054	7,028
At December 31	<u>\$ 2,150,000</u>	<u>\$ 1,655,530</u>	<u>\$ 5,112</u>	<u>\$ 12,135</u>	<u>\$ 64,476</u>	<u>\$ 3,887,253</u>

Note: Shown as operating cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Uniflex Technology Inc. (Uniflex Technology)	Other related parties
Uniflex Technology (JiangSu) Limited	Other related parties
iWEECARE Co., Ltd.	Investee accounted for using equity method

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2020	2019
Sales of goods:		
Associates	<u>\$ 4,305</u>	<u>\$ 2,080</u>

Operating revenue mainly arose from sales of materials and finished goods to subsidiaries and

associates. The price lists in force and terms that would be available to third parties, and the payment terms are 90 to 120 days after monthly billing.

B. Purchases

	Years ended December 31,	
	2020	2019
Purchases of goods:		
Associates	\$ 1,325	\$ 900
Other related parties	<u>223,742</u>	<u>257,286</u>
	<u>\$ 225,067</u>	<u>\$ 258,186</u>

Raw materials and finished goods are purchased from subsidiaries and associates. Purchase are negotiated with related parties, and the payment terms are 120 days after monthly billing that would be available to third parties.

C. Receivables from related parties

	December 31, 2020	December 31, 2019
Accounts receivable:		
Associates	<u>\$ 874</u>	<u>\$ 10</u>

The receivables from related parties arise mainly from sales of materials and finished goods. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	December 31, 2020	December 31, 2019
Accounts payable:		
Associates	\$ 179	\$ 478
Other related parties	<u>104,586</u>	<u>109,555</u>
	<u>\$ 104,765</u>	<u>\$ 110,033</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Short-term employee benefits	<u>\$ 76,667</u>	<u>\$ 53,830</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant and equipment	\$ 577,747	\$ 3,868

B. Information on endorsement/guarantee provided to consolidated subsidiaries is provided in Note 13.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 19, 2021, the Board of Directors proposed that cash dividends for the distribution of earnings for the year 2020 was \$964,915 at \$3.3 (in dollars) per share. As of March 19, 2021, the distribution of earnings for the year 2020 has not been approved by the shareholders.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including 'current and non-current borrowings' as shown in the consolidated balance sheet. Total capital is calculated as 'equity' as shown in the consolidated balance sheet.

The gearing ratios at December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total borrowings	\$ 7,307,359	\$ 3,805,530
Total equity	\$ 13,490,482	\$ 12,731,889
Gearing ratio	54%	30%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 995,178	\$ 962,644
Financial assets at fair value through other comprehensive income	272,586	284,617
Financial assets at amortised cost		
Cash and cash equivalents	7,659,898	6,193,861
Financial assets at amortised cost	1,030,752	1,296,672
Notes receivable	-	2,002
Accounts receivable	12,935,147	12,504,024
Other receivables	88,900	297,146
Guarantee deposits paid	22,733	16,764
	<u>\$ 23,005,194</u>	<u>\$ 21,557,730</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ -	\$ 254
Financial liabilities at amortised cost		
Short-term borrowings	4,011,925	2,150,000
Notes payable	19,136	5,122
Accounts payable	12,878,736	12,706,030
Other payables	1,961,634	1,441,675
Long-term borrowings (including current portion)	3,295,434	1,655,530
Guarantee deposits received	18,335	12,135
	<u>\$ 22,185,200</u>	<u>\$ 17,970,746</u>
Lease liabilities	<u>\$ 52,982</u>	<u>\$ 5,112</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
  - (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
    - Foreign exchange risk
      - i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
      - ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
      - iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount	Exchange rate	Book value
	(In thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 218,969	28.48	\$ 6,236,237
RMB:NTD	8,833	4.365	38,554
RMB:USD	605,646	0.153	2,643,524
HKD:USD	2,813	0.129	10,332
INR:USD	531,828	0.014	207,094
USD:RMB	1,349	6.525	38,420
USD:HKD	798	7.754	22,727
<u>Non-monetary items</u>			
USD:NTD	547,364	28.48	15,588,927
JPY:NTD	324,533	0.276	89,668
RMB:USD	1,463,703	0.153	6,388,771
HKD:USD	51,824	0.129	190,350
INR:USD	2,036,895	0.014	793,167
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	127,242	28.48	3,623,852
RMB:USD	422,790	0.153	1,845,394
INR:USD	65,433	0.014	25,480
JPY:USD	133,709	0.010	36,944
USD:RMB	65,421	6.525	1,863,190
<u>Non-monetary items</u>			
RMB:USD	54,206	0.153	236,598
HKD:USD	135,683	0.129	498,364
INR:USD	1,113,206	0.014	433,482

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 180,495	29.98	\$ 5,411,240
RMB:USD	449,064	0.143	1,929,853
HKD:USD	7,058	0.128	27,166
INR:USD	3,567,025	0.014	1,500,647
JPY:USD	235,499	0.009	64,998
USD:RMB	955	6.976	28,631
<u>Non-monetary items</u>			
USD:NTD	482,591	29.98	14,468,078
RMB:USD	907,590	0.143	3,900,368
HKD:USD	61,995	0.128	238,619
INR:USD	3,265,906	0.014	1,373,967
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	110,607	29.98	3,315,998
RMB:USD	260,808	0.143	1,120,822
INR:USD	408,093	0.014	171,685
USD:RMB	44,119	6.976	1,322,688
<u>Non-monetary items</u>			
RMB:USD	60,393	0.143	259,539
HKD:USD	219,570	0.128	845,125
INR:USD	821,242	0.014	345,497

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting.

- v. The total exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to \$109,496 and (\$139,397), respectively.



vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Year ended December 31, 2020		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	62,362	\$ -
RMB:NTD	1%	\$	386	-
RMB:USD	1%		26,435	-
HKD:USD	1%		103	-
INR:USD	1%		2,071	-
USD:RMB	1%		384	-
USD:HKD	1%		227	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	36,239	\$ -
RMB:USD	1%		18,454	-
INR:USD	1%		255	-
JPY:USD	1%		369	-
USD:RMB	1%		18,632	-
		Year ended December 31, 2019		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	54,112	\$ -
RMB:USD	1%		19,299	-
HKD:USD	1%		272	-
INR:USD	1%		15,006	-
JPY:USD	1%		650	-
USD:RMB	1%		286	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	33,160	\$ -
RMB:USD	1%		11,208	-
INR:USD	1%		1,717	-
USD:RMB	1%		13,227	-

### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments comprise domestically issued equity instruments and overseas unlisted equity instruments. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$9,952 and \$9,626 respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,726 and \$2,846, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

### Cash flow and fair value Interest rate risk

- i. The Group's interest rate risk mainly arising from long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% with all other variables held constant, profit before tax for the years ended December 31, 2020 and 2019 would have increased/decreased by \$21,400 and \$11,000 respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- iii. If the borrowing interest rate of US dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by \$11,554 and \$5,555, respectively. The main actor is that changes in interest expense result in floating-rate borrowings.

### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2020 and 2019, the Group's written-off financial assets that are still under recourse procedures amounted to \$14,194 and \$11,232, respectively.
- vii. The Group used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2020 and 2019, the loss rate methodology is as follows:

December 31, 2020

	<u>Individual A</u>	<u>Individual B</u>	<u>Group A</u>	<u>Total</u>
Expected loss rate	100%	75%~90%	0.03%	
Total book value	\$ 23,826	\$ 160,244	\$ 12,921,395	\$ 13,105,465
Loss allowance	23,826	143,490	3,876	171,192

December 31, 2019

	<u>Individual A</u>	<u>Individual B</u>	<u>Group A</u>	<u>Total</u>
Expected loss rate	100%	10%~50%	0.03%	
Total book value	\$ 128,674	\$ 263,585	\$ 12,375,306	\$ 12,767,565
Loss allowance	128,674	131,164	3,713	263,551

Group A : Customers had no payments that were past due over 90 days.

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable, overdue receivable and other receivables are as follows:

	<u>2020</u>
	<u>Accounts receivable and overdue receivable</u>
At January 1	\$ 316,809
Provision for impairment	47,319
Write-offs	( 94,058)
Effect of foreign exchange	( 11,463)
At December 31	<u>\$ 258,607</u>
	<u>2019</u>
	<u>Accounts receivable and overdue receivable</u>
At January 1	\$ 221,456
Provision for impairment	103,707
Write-offs	( 2,016)
Effect of foreign exchange	( 6,338)
At December 31	<u>\$ 316,809</u>

Loss allowance provided for overdue receivables as of December 31, 2020 and 2019 amounted to \$87,415 and \$53,258, respectively.

ix. As of December 31, 2020, other receivables which are determined as assets of credit loss amounting to \$24,757 were measured at an amount equal to lifetime expected credit losses. The provision for impairment was \$24,757, impairment loss of \$6,453 was recognised for the year ended December 31, 2020.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration of the compliance with balance sheet ratio targets and external regulatory and legal requirements.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities</u>		Between 2	
December 31, 2020	<u>Within 1 year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 4,060,085	\$ -	\$ -
Notes payable	19,136	-	-
Accounts payable	12,878,736	-	-
Other payables	1,961,634	-	-
Lease liability	28,383	25,266	-
Long-term borrowings (including current portion)	656,809	3,015,486	-

<u>Non-derivative financial liabilities</u>		Between 2	
December 31, 2019	<u>Within 1 year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,171,500	\$ -	\$ -
Notes payable	5,122	-	-
Accounts payable	12,706,030	-	-
Other payables	1,441,675	-	-
Lease liability	3,675	1,483	-
Long-term borrowings (including current portion)	89,415	1,664,068	-

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments and equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Capital guarantee financial products	\$ -	\$ 995,178	\$ -	\$ 995,178
Financial assets at fair value through other comprehensive income				
Equity securities	<u>266,039</u>	<u>-</u>	<u>6,547</u>	<u>272,586</u>
Total	<u>\$ 266,039</u>	<u>\$ 995,178</u>	<u>\$ 6,547</u>	<u>\$ 1,267,764</u>
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Capital guarantee financial products	\$ -	\$ 962,644	\$ -	\$ 962,644
Financial assets at fair value through other comprehensive income				
Equity securities	<u>278,171</u>	<u>-</u>	<u>6,446</u>	<u>284,617</u>
Total	<u>\$ 278,171</u>	<u>\$ 962,644</u>	<u>\$ 6,446</u>	<u>\$ 1,247,261</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Cross currency swap	<u>\$ -</u>	<u>\$ 254</u>	<u>\$ -</u>	<u>\$ 254</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- ii. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

- D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 6,446	\$ 117,749
Acquired in the year	-	6,446
Gains and losses recognised in profit or loss	-	( 114,913)
Effect of exchange rate changes	<u>101</u>	<u>( 2,836)</u>
At December 31	<u>\$ 6,547</u>	<u>\$ 6,446</u>

- F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.
- G. Group treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at		Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
	<u>December 31, 2020</u>	<u>Valuation technique</u>			
Non-derivative equity instrument:					
Unlisted shares	\$ 6,547	Net assets value	Not applicable	Not applicable	Not applicable
	Fair value at		Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
	<u>December 31, 2019</u>	<u>Valuation technique</u>			
Non-derivative equity instrument:					
Unlisted shares	\$ 6,446	Net assets value	Not applicable	Not applicable	Not applicable

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2020				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Net assets value	±1%	\$ -	\$ -	\$ 65	(\$ 65)
		December 31, 2019				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Net assets value	±1%	\$ -	\$ -	\$ 64	(\$ 64)

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

Disclosures of investees that are based on investees' financial statements audited by independent auditors and inter-company transactions between companies are eliminated. The following disclosures are for reference only.

The Company's significant transactions information for the year ended December 31, 2020 is as follows:

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period: Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.



- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative financial instruments undertaken during the reporting periods:  
Please refer to Notes 6(2) and 12(2).
- J. Significant inter-company transactions during the reporting periods (individual transactions not exceeding \$10,000 are not disclosed; corresponding transactions from the other side are not disclosed.) : Please refer to table 6.

(2) Information on investees

- A. Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.
- B. Disclosures in relation to significant transactions conducted with investees are provided in Note 13(1) A to J.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third areas, with investee companies in the Mainland China, and price, payment terms, unrelased income/loss and other related information relating to investments in Mainland China:
  - (a) Purchase amount and percentage and ending balance and percentage of payables: please refer to table 4.
  - (b) Sales amount and percentage and ending balance and percentage of receivables: please refer to table 4.
  - (c) Property transaction amounts and gains and loss arising from them: None.
  - (d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2020: Please refer to table 2.
  - (e) Maximum balance, ending balance and interest rate range during the year ended and at December 31, 2020: Please refer to table 1.
  - (f) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:
    - i. In 2020, processing fee arising from the electronic information products circuit board manufactured by Regent Electron (Suzhou) Co., Ltd. appointed by the Company's indirectly held subsidiary, Regent Manner Limited, amounted to HKD 496,877 thousand. The price are made under mutual agreement, and the payment terms are 90 days to 120 days after monthly billings.
    - ii. For the year ended December 31, 2020, raw materials purchased on behalf of indirectly held subsidiaries, Regent Manner Limited and Regent Electron (Suzhou) Co., Ltd., amounted to \$196,685 and the received processing income amounted to \$5,085.

- iii. For the year ended December 31, 2019, the Company's indirectly held subsidiary, Regent Manner Limited, purchased raw material on behalf of the Company and subsidiaries and received the processing income as follows:

Conterparites	Raw material purchased on behalf of others	Received processing income
Taiwan Surface Mounting Technology Corp.	HKD 1,168 thousand	-
Regent Electron (Chong Qing) Co., Ltd	HKD 371,261 thousand	-
Regent Electron (He Fei) Co., Ltd.	HKD 51,962 thousand	HKD 4,480 thousand
Regent Electron (Xiamen) Co., Ltd.	HKD 43,775 thousand	HKD 2 thousand
Dongguan Znefu electron Co., ltd	HKD 33,555 thousand	HKD 1,598 thousand
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	HKD 12,201 thousand	-
Regent Electron (Suzhou) Co., Ltd.	HKD 6,641 thousand	-
Regent Electron (Dongguan) Co., Ltd.	HKD 3,681 thousand	-
Regent Electron (Ningbo) Co., Ltd.	HKD 85 thousand	-
Regent Electron (Xian Yang) Co.,Ltd.	HKD 72 thousand	-

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The chief operating decision-maker evaluates each operating segment by their operating profit.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Years ended December 31,	
	2020	2019
Revenue from external customers	\$ 41,405,758	\$ 37,906,373
Segment income	\$ 2,500,065	\$ 2,590,921

(4) Reconciliation for segment income (loss)

The segment income (loss) reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide the total assets and total liabilities amounts to the chief operating decision-maker. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations is provided as follows:

	Years ended December 31,	
	2020	2019
Reportable segments income	\$ 2,500,065	\$ 2,590,921
Unappropriated amount:		
Non-operating income	387,812	134,724
Net income before tax from continuing operations	\$ 2,887,877	\$ 2,725,645

(5) Information on products and services

The Group is primarily engaged in design, processing, manufacture and sales of PCB surface mount packaging in TFT-LCD panels and general electronic information products, which are deemed as a single product.

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

Areas	Years ended December 31,			
	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Mainland China	\$ 33,958,321	\$ 8,525,102	\$ 31,280,812	\$ 5,267,984
Asia	3,290,683	751,004	2,586,921	864,073
Taiwan	1,832,669	1,965,227	2,825,616	1,929,572
U.S.A	1,471,079	599	625,910	698
Europe	783,947	-	562,358	-
Others	69,059	-	24,756	-
	<u>\$ 41,405,758</u>	<u>\$ 11,241,932</u>	<u>\$ 37,906,373</u>	<u>\$ 8,062,327</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2020 and 2019 is as follows:

	Years ended December 31,			
	2020		2019	
	Revenue	Ratio	Revenue	Ratio
A	\$ 7,002,953	17%	\$ 7,278,851	19%
B	5,068,294	12%	5,292,726	14%

## Taiwan Surface Mounting Technology Corp. and subsidiaries

## Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single part	Ceiling on total loans granted	Footnote
					balance during the year ended December 31, 2020	December 31, 2020							Item	Value			
1	Regent Electron (Suzhou) Co., Ltd	Regent Electron (He Fei) Co., Ltd.	Other receivables	Y	\$ 262,992	\$ -	\$ -	People's Bank of China's rate on 3-month time deposits	2	-	Additional operating capital	-	None	-	\$ 5,849,336	\$ 5,849,336	
2	Regent Electron (Suzhou) Co., Ltd	Regent Electron (He Fei) Co., Ltd.	Other receivables	Y	87,664	-	-	People's Bank of China's rate on 3-month time deposits	2	-	Additional operating capital	-	None	-	5,849,336	5,849,336	
3	Regent Electron (Ningbo) Co., LTD.	Regent Electron (He Fei) Co., Ltd.	Other receivables	Y	109,580	109,120	109,120	People's Bank of China's rate on 3-month time deposits	2	-	Additional operating capital	-	None	-	1,359,602	1,359,602	
4	Regent Manner Limited	High-Toned Opto Technology Corp	Other receivables	Y	70,000	-	-	1.00	2	-	Additional operating capital	-	None	-	3,820,467	6,112,747	
5	Regent Manner Limited	Fitivision Technology Inc.	Other receivables	Y	180,000	-	-	1.00	2	-	Additional operating capital	-	None	-	3,820,467	6,112,747	
6	TSMT Technology (Singapore) Pte. Ltd.	TSMT Technology (India) Pvt. Ltd.	Other receivables	Y	121,000	113,920	113,493	1.5401% (Based on the contract terms)	2	-	Additional operating capital	-	None	-	240,162	240,162	
7	TSMT Technology (Singapore) Pte. Ltd.	TSMT Technology (India) Pvt. Ltd.	Other receivables	Y	181,500	170,880	170,880	1.5165% (Based on the contract terms)	2	-	Additional operating capital	-	None	-	240,162	240,162	
8	Regent Manner Limited	High-Toned Opto Technology Corp	Other receivables	Y	30,000	30,000	20,000	1.00	2	-	Additional operating capital	-	None	-	3,820,467	6,112,747	
9	Regent Manner Limited	Fitivision Technology Inc.	Other receivables	Y	60,000	60,000	50,000	1.00	2	-	Additional operating capital	-	None	-	3,820,467	6,112,747	
10	Regent Electron (Xiamen) Co., Ltd.	Regent Electron (He Fei) Co., Ltd.	Other receivables	Y	218,980	218,240	174,592	People's Bank of China's rate on 3-month	2	-	Additional operating capital	-	None	-	1,544,761	1,544,761	
11	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	305,536	305,536	305,536	People's Bank of China's rate on 3-month time deposits	2	-	Additional operating capital	-	None	-	2,309,350	2,309,350	

Note 1: The numbers filled in for the nature of loans are as follows:

Business association is labeled as "1"

Short-term financing is labeled as "2".

Note 2: Limit on the Company's and subsidiaries' loans granted to others as prescribed in "Procedures for Provision of Loans" are as follows:

(1) Nature of the loan is related to business transactions: 25% of the Company's net worth or the amount of business transactions between the creditor and borrower.

(2) Nature of loan is for short-term financing: ceiling on loans granted to a single party is lower than 25% of the borrower's net worth.

(3) Limit on TSMT Technology (Singapore) Pte. Ltd. loans granted to others:

A. Nature of loan is for short-term financing: ceiling on loans granted to a single party is lower than 40% of the borrower's net worth.

The Company loan which the parent company holds directly and indirectly 100% voting share's foreign companies, if there is a loan classified as short-term financing, the limit of individual borrower shall be lower than 100% of the Company's net worth.

Note 3: The facility approved by the Board of Directors was consistent with the actual loaned facility.

## Taiwan Surface Mounting Technology Corp. and subsidiaries

## Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote	
			Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party (Note 2)										Maximum outstanding endorsement/ guarantee amount as of December 31, 2020
0	The Company	TSM Technology (India) Pvt. Ltd.	2	\$ 6,745,241	\$ 423,500	\$ 398,720	\$ 398,720	-	2.96	\$ 13,490,482	Y	N	N	
0	The Company	TSM Technology (Singapore) Pte. Ltd.	2	6,745,241	453,750	427,200	427,200	-	3.17	13,490,482	Y	N	N	

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 2: Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees are as follows:

- (1) Ceiling on total amount of endorsements/guarantees shall be lower than the Company's net worth.
- (2) Limit on endorsements/guarantees provided for a single party shall be lower than 10% of the Company's net worth.
- (3) Ceiling on total amount of endorsements/guarantees that the determination was authorised to chairman shall be lower than 10% of the Company's net worth.

Net worth was determined based on the financial statements that are audited or reviewed by CPA.

Taiwan Surface Mounting Technology Corp. and subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
Year ended December 31, 2020

Table 3

Expressed in thousands of NTD

As of December 31, 2020								
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	Footnote
Taiwan Surface Mounting Technology Corp.	Stocks-LED ONE Distribution, Inc.	None	Financial assets at fair value through other comprehensive income-non-current	180	\$ -	18	\$ -	None
Taiwan Surface Mounting Technology Corp.	Stocks-Uniflex Technology Inc.	None	Financial assets at fair value through other comprehensive income-non-current	17,332	266,039	11.1	266,039	None
TAIWAN SURFACE MOUNTING TECHNOLOGY (BVI) CO LIMITED	Stocks-Best Option Investment Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	14,142	-	0.49	-	None
Regent Electron (Suzhou) Co., Ltd	Chuzhou Bwin Techology Corp.	None	Financial assets at fair value through other comprehensive income-non-current		6,547	3.00	6,547	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC20080095	None	Financial assets at fair value through profit or loss-current		34,918		34,918	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC20090044	None	Financial assets at fair value through profit or loss-current		39,283		39,283	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC20120155	None	Financial assets at fair value through profit or loss-current		21,825		21,825	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC20120156	None	Financial assets at fair value through profit or loss-current		21,825		21,825	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC20120157	None	Financial assets at fair value through profit or loss-current		21,825		21,825	None
TAIWAN SURFACE MOUNTING TECHNOLOGY (SUZHOU) CO., LTD	Fubon Bank (China) structured products-NDRMBC20110052	None	Financial assets at fair value through profit or loss-current		65,472		65,472	None

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	Footnote
TAIWAN SURFACE MOUNTING TECHNOLOGY (SUZHOU) CO., LTD	Fubon Bank (China) structured products-NDRMBC20110307	None	Financial assets at fair value through profit or loss-current		65,472		65,472	None
TAIWAN SURFACE MOUNTING TECHNOLOGY (SUZHOU) CO., LTD	Fubon Bank (China) structured products-NDRMBC20120437	None	Financial assets at fair value through profit or loss-current		130,944		130,944	None
Regent Electron (Xiamen) Co., Ltd.	Fubon Bank (China) structured products-SDRMBC20100542	None	Financial assets at fair value through profit or loss-current		43,648		43,648	None
Regent Electron(Dongguan) Co.,Ltd	Fubon Bank (China) structured products-NDRMBC20120168	None	Financial assets at fair value through profit or loss-current		21,825		21,825	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured deposits-CNYRMTL2020102802	None	Financial assets at fair value through profit or loss-current		65,472		65,472	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	Fubon Bank (China) structured products-NDRMBC20110270	None	Financial assets at fair value through profit or loss-current		43,648		43,648	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured deposits-CNYRMTL2020120301	None	Financial assets at fair value through profit or loss-current		87,296		87,296	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured deposits-CNYRMTL2020120301	None	Financial assets at fair value through profit or loss-current		87,296		87,296	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured deposits-CNYRMTL2020121802	None	Financial assets at fair value through profit or loss-current		52,378		52,378	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured deposits-CNYRMTL2020122501	None	Financial assets at fair value through profit or loss-current		61,107		61,107	None



Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	Footnote
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured deposits-CNYRMTL2020122501	None	Financial assets at fair value through profit or loss-current		43,648		43,648	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	Fubon Bank (China) structured products-NDRMBC20120272	None	Financial assets at fair value through profit or loss-current		87,296		87,296	None

## Taiwan Surface Mounting Technology Corp. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Description and reasons of difference in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Taiwan Surface Mounting Technology Corp.	Regent Electron (Suzhou) Co., Ltd.	The Company's subsidiary	Purchase	\$ 397,396 thousand	8%	90~120 days after monthly billings	-	-	(\$ 263,460 thousand)	(15%)	-
Regent Electron (Suzhou) Co., Ltd.	Taiwan Surface Mounting Technology Corp.	The Company is the company's ultimate parent company	(sales)	(RMB 93,096 thousand)	(4%)	"	-	-	RMB 60,360 thousand	6%	-
Regent Manner Limited	Regent Electron (Ningbo) Co., LTD.	Affiliate	Purchase	HKD 311,860 thousand	6%	"	-	-	(HKD 274,434 thousand)	(12%)	-
Regent Electron (Ningbo) Co., LTD.	Regent Manner Limited	Affiliate	(sales)	(RMB 277,710 thousand)	(72%)	"	-	-	RMB 230,883 thousand	82%	-
Regent Manner Limited	Regent Electron (Chong Qing) Co., Ltd.	Affiliate	Purchase	HKD 936,211 thousand	18%	"	-	-	(HKD 490,251 thousand)	(22%)	-
Regent Electron (Chong Qing) Co., Ltd.	Regent Manner Limited	Affiliate	(sales)	(RMB 836,075 thousand)	(75%)	"	-	-	RMB 412,546 thousand	71%	-
Regent Manner Limited	Regent Electron (Xiamen) Co., Ltd.	Affiliate	Purchase	HKD 146,135 thousand	3%	"	-	-	(HKD 114,607 thousand)	(5%)	-
Regent Electron (Xiamen) Co., Ltd.	Regent Manner Limited	Affiliate	(sales)	(RMB 129,967 thousand)	(23%)	"	-	-	RMB 96,440 thousand	35%	-
Ningbo Yongfu Trade Co., Ltd.	Regent Manner Limited	Affiliate	Purchase	RMB 32,140 thousand	61%	"	-	-	(RMB 24,408 thousand)	(84%)	-
Regent Manner Limited	Ningbo Yongfu Trade Co., Ltd.	Affiliate	(sales)	(HKD 36,231 thousand)	(1%)	"	-	-	HKD 29,005 thousand	2%	-
Regent Manner Limited	Regent Electron (Suzhou) Co., Ltd.	Affiliate	Purchase	HKD 559,779 thousand	11%	"	-	-	(HKD 524,772 thousand)	(23%)	-
Regent Electron (Suzhou) Co., Ltd.	Regent Manner Limited	Affiliate	(sales)	(RMB 497,848 thousand)	(21%)	"	-	-	RMB 432,660 thousand	45%	-
Regent Manner Limited	Regent Electron (He Fei) Co., Ltd.	Affiliate	Purchase	HKD 130,420 thousand	2%	"	-	-	(HKD 36,864 thousand)	(2%)	-
Regent Electron (He Fei) Co., Ltd.	Regent Manner Limited	Affiliate	(sales)	(RMB 116,627 thousand)	(26%)	"	-	-	RMB 31,021 thousand	15%	-
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Ningbo) Co., LTD.	Affiliate	Purchase	RMB 73,787 thousand	11%	"	-	-	(RMB 40,189 thousand)	(18%)	-

		Transaction		Description and reasons of difference in transaction terms compared to third party transactions					Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Regent Electron (Ningbo) Co., LTD.	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Affiliate	(sales)	(RMB 73,787 thousand)	(19%)	"	-	-	RMB 40,189 thousand	14%	-
Regent Electron (Ningbo) Co., LTD.	Uniflex Technology	Other related party	Purchase	RMB 29,483 thousand	11%	"	-	-	(RMB 12,432 thousand)	(11%)	-

Taiwan Surface Mounting Technology Corp. and subsidiaries  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Taiwan Surface Mounting Technology Corp.	Regent Electron (Suzhou) Co., Ltd.	The Company's subsidiary	Other receivables NTD 177,110 thousand (Note4 and 5)	-	-	-	-	-
Regent Manner Limited	Regent Electron (Suzhou) Co., Ltd.	The Company's subsidiary	Other receivables HKD 426,827 thousand (Note4)	-	-	-	HKD 193,420 thousand	-
Regent Manner Limited	Regent Electron (Chong Qing) Co., Ltd.	"	Other receivables HKD 323,782 thousand (Note4)	-	-	-	HKD 61,781 thousand	-
Regent Manner Limited	Ningbo Yongfu Trade Co., Ltd.	"	Accounts receivable HKD 29,005 thousand (Note3)	-	-	-	HKD 29,005 thousand	-
Regent Manner Limited	Tele System Communications Pte Ltd.	Affiliate	Accounts receivable HKD 53,929 thousand (Note3)	-	-	-	HKD 19 thousand	-
Regent Electron (Ningbo) Co., LTD.	Regent Manner Limited	The Company's parent company	Accounts receivable RMB 230,883 thousand (Note3)	-	-	-	RMB 13,822 thousand	-
Regent Electron (Ningbo) Co., LTD.	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Affiliate	Accounts receivable RMB 40,189 thousand (Note3)	-	-	-	RMB 26,280 thousand	-
Regent Electron (Ningbo) Co., LTD.	Regent Electron (He Fei) Co., Ltd.	"	Other receivables RMB 25,226 thousand (Note2)	-	-	-	RMB 25,226 thousand	-
Regent Electron (Chong Qing) Co., Ltd.	Regent Manner Limited	The Company's parent company	Accounts receivable RMB 412,546 thousand (Note3)	-	-	-	RMB 194,071 thousand	-
Regent Electron (He Fei) Co., Ltd.	Regent Manner Limited	"	Accounts receivable RMB 31,021 thousand (Note3)	-	-	-	RMB 31,021 thousand	-
Regent Electron (Suzhou) Co., Ltd.	Taiwan Surface Mounting Technology Corp.	The Company is the company's ultimate parent company	Accounts receivable RMB 60,360 thousand (Note3)	-	-	-	RMB 60,360 thousand	-
Regent Electron (Suzhou) Co., Ltd.	Regent Manner Limited	The Company's parent company	Accounts receivable RMB 432,660 thousand (Note1 and 3)	-	-	-	RMB 241,033 thousand	-
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd.	Affiliate	Other receivables RMB 80,857 thousand (Note2)	-	-	-	-	-
Regent Electron (Xiamen) Co., Ltd.	Regent Manner Limited	The Company's parent company	Accounts receivable RMB 96,440 thousand (Note1 and 3)	-	-	-	RMB 64,352 thousand	-
Regent Electron (Xiamen) Co., Ltd.	Regent Electron (He Fei) Co., Ltd.	Affiliate	Other receivables RMB 40,454 thousand (Note2)	-	-	-	-	-
TSMT-Singapore	TSMT-India	The Company's subsidiary	Other receivables USD 9,990 thousand (Note2)	-	-	-	-	-

Note 1: It was a receivable arising from processing on behalf of associates

Note 2: It was a receivable arising from loans to others.

Note 3: It was a receivable arising from finished goods sold.

Note 4: It was a receivable arising from materials/machinery and equipment purchased on behalf of others.

Note 5: It was a receivable arising from machinery and equipment sold.

Taiwan Surface Mounting Technology Corp. and subsidiaries  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction	
						Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Surface Mounting Technology Corp.	Fitivision Technology Inc.	1	Sales revenue	\$ 30,222	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
0	"	Regent Manner Limited	"	Other receivables	27,322		0%
0	"	Regent Electron (Suzhou) Co., Ltd.	"	Other receivables	177,110		0%
1	Regent Manner Limited	Taiwan Surface Mounting Technology Corp.	2	Accounts receivable	15,430		0%
1	"	"	"	Sales revenue	30,869	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
1	"	High-Toned Opto Technology Corp	3	Other receivables	20,158		0%
1	"	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	"	Other receivables	26,280		0%
1	"	Regent Electron (Suzhou) Co., Ltd.	"	Other receivables	1,567,736		4%
1	"	"	"	Accounts receivable	12,702		0%
1	"	"	"	Sales revenue	35,691	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
1	"	Regent Electron (Xiamen) Co., Ltd.	"	Other receivables	25,053		0%
1	"	Regent Electron (He Fei) Co., Ltd.	"	Other receivables	88,411		0%
1	"	"	"	Accounts receivable	55,111		0%
1	"	Regent Electron (Chong Qing) Co., Ltd.	"	Other receivables	1,189,250		3%
1	"	"	"	Accounts receivable	76,643		0%
1	"	DONGGUAN ZUEFU ELECTRON CO., LTD.	"	Other receivables	44,564		0%
1	"	Fitivision Technology Inc.	"	Other receivables	50,324		0%
1	"	Tele System Communications Pte Ltd.	"	Accounts receivable	198,081		1%
1	"	Ningbo Yongfu Trade Co., Ltd.	"	Sales revenue	138,004	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
1	"	"	"	Accounts receivable	106,536		0%
2	Regent Electron (Suzhou) Co., Ltd.	Regent Manner Limited	"	Accounts receivable	1,888,489		5%
2	"	"	"	Sales revenue	192,331	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%

## Transaction

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Percentage of consolidated total operating revenues or total assets	
						Transaction terms	(Note 3)
2	"	"	3	Processing fees revenue	\$ 1,890,132	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	5%
2	"	"	"	Other operating revenue	49,738	"	0%
2	"	Taiwan Surface Mounting Technology Corp.	2	Sales revenue	398,721	"	1%
2	"	"	"	Accounts receivable	263,459		1%
3	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd.	3	Other receivables	352,925		1%
3	"	"	"	Other income	129,045	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
3	"	Ningbo Yongfu Trade Co., Ltd.	"	Sales revenue	10,974	"	0%
3	"	"	"	Processing fees revenue	11,690	"	0%
3	"	"	"	Other operating revenue	33,176	"	0%
3	"	Regent Electron (He Fei) Co., Ltd.	"	Other receivables	18,338		0%
3	"	Taiwan Surface Mounting Technology Corp.	2	Sales revenue	93,600	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
3	"	"	"	Accounts receivable	19,038		0%
4	Regent Electron (Ningbo) Co., LTD.	Regent Manner Limited	3	Accounts receivable	1,007,763		3%
4	"	"	"	Sales revenue	1,189,387	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	3%
4	"	Regent Electron (He Fei) Co., Ltd.	"	Other receivables	110,107		0%
4	"	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	"	Accounts receivable	175,419		0%
4	"	"	"	Processing fees revenue	316,017	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	1%
5	Regent Electron (Xiamen) Co., Ltd.	Regent Manner Limited	"	Accounts receivable	420,945		1%
5	"	"	"	Sales revenue	556,628	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	1%
5	"	Regent Electron (He Fei) Co., Ltd.	"	Other receivables	176,576		0%
6	Regent Electron(Dongguan) Co.,Ltd	Tele System Communications Pte Ltd.	"	Accounts receivable	24,893		0%
6	"	"	"	Sales revenue	47,238	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%

## Transaction

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Percentage of consolidated total operating revenues or total assets	
						Transaction terms	(Note 3)
6	"	DONGGUAN ZUEFU ELECTRON CO., LTD.	3	Processing fees revenue	\$ 25,697	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
6	"	"	"	Other income	30,745	"	0%
7	Regent Electron (Chong Qing) Co., Ltd.	Regent Manner Limited	"	Accounts receivable	1,800,692		5%
7	"	"	"	Sales revenue	3,580,772	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	9%
7	"	Regent Electron (He Fei) Co., Ltd.	"	Other operating revenue	45,757	"	0%
8	Ningbo Yongfu Trade Co., Ltd.	Regent Manner Limited	"	Accounts receivable	54,511		0%
8	"	"	"	Other operating revenue	36,362	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
8	"	"	"	Sales revenue	34,759	"	0%
8	"	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	"	Other operating revenue	14,403	"	0%
9	Regent Electron (He Fei) Co., Ltd.	Regent Electron (Chong Qing) Co., Ltd.	"	Sales revenue	55,838	"	0%
9	"	Regent Manner Limited	"	Accounts receivable	135,402		0%
9	"	"	"	Sales revenue	499,494	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	1%
10	DONGGUAN ZUEFU ELECTRON CO., LTD.	Tai Ming Green Power CO.,LTD.	"	Sales revenue	10,368	"	0%
11	Tele System Communications Pte Ltd.	TSC ELECTRONIC PTE. LTD.	"	Sales revenue	78,556	"	0%
12	TSMT-Singapore	TSMT-India	"	Other receivables	284,502		1%
13	TSMT-India	Regent Electron (Chong Qing) Co., Ltd.	"	Other receivables	9,992		0%

Note: Individual transactions not exceeding \$10,000 will not be disclosed as well as according related-party transactions.

## Taiwan Surface Mounting Technology Corp. and subsidiaries

## Information on investees

Year ended December 31, 2020

Table 7

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020		Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income(loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (in thousand shares)	Ownership (%)				
Taiwan Surface Mounting Technology Corp.	Taiwan Surface Mounting Technology Co., LTD	Hong Kong	Rendering service for specific contract items	\$ 42	\$ 42	10	99.99	\$ 3,930	(\$ 30)	(\$ 30)	Subsidiary
Taiwan Surface Mounting Technology Corp.	TAIWAN SURFACE MOUNTING TECHNOLOGY (BVI) CO LIMITED	British Virgin Islands	Holding company	3,145,743	3,145,743	104,000	100.00	15,336,607	2,255,484	2,255,484	Subsidiary
Taiwan Surface Mounting Technology Corp.	High-Toned Opto Technology Corp	Taiwan	Manufacture and assembling of LED products	264,077	264,077	26,423	85.24	383	7,468	6,366	Subsidiary
Taiwan Surface Mounting Technology Corp.	Fitivision Technology Inc.	Taiwan	Digital security monitor and wireless communication device	200,000	100,000	20,000	100.00	( 29,083)	( 28,232)	( 28,232)	Subsidiary
Taiwan Surface Mounting Technology Corp.	Bai Hung Investment Corp. Ltd.	Taiwan	Investment company	109,990	109,990	10,999	99.99	5,702	( 13,222)	( 13,221)	Subsidiary
Taiwan Surface Mounting Technology Corp.	TSM Technology (Singapore) Pte. Ltd.	Singapore	Holding company	645,897	464,985	21,000	100.00	240,162	( 147,554)	( 147,554)	Subsidiary
Taiwan Surface Mounting Technology Corp.	Tele System Communications Pte Ltd.	Taiwan	Design and manufacture of wired communication equipment and apparatus and channel KU of Satellite TV	40,250	40,250	4,700	31.33	50	( 18,638)	( 5,839)	Subsidiary



Initial investment amount

Shares held as at December 31, 2020

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020		Book value	Net profit (loss)	Investment	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (in thousand shares)	Ownership (%)		of the investee for the year ended December 31, 2020	income(loss) recognised by the Company for the year ended December 31, 2020	
TSMC Technology (Singapore) Pte. Ltd.	TSMC Technology (India) Pvt. Ltd.	India	Processing and manufacturing of computer motherboard and interface card of peripheral devices	\$ 272,554	\$ 272,554	489	100.00	(\$ 58,396)	(\$ 151,100)	-	Second-tier subsidiary
TAIWAN SURFACE MOUNTING TECHNOLOGY (BVI) CO LIMITED	REGENT MANNER INTERNATIONAL HOLDINGS LIMITED	Cayman Islands	Holding company	3,394,513	3,394,513	2,149,822	100.00	15,301,847	2,255,560	-	Second-tier subsidiary
TAIWAN SURFACE MOUNTING TECHNOLOGY (BVI) CO LIMITED	TSMT-USA	U.S.A	Processing and manufacturing of computer motherboard and interface card of peripheral devices	2,848	2,848	100	100.00	2,138	( 34)	-	Second-tier subsidiary
High-Toned Opto Technology Corp	High-Toned Technology (Hong Kong) Limited	Hong Kong	Holding company	148,096	148,096	40,300	100.00	8,435	( 41)	-	Second-tier subsidiary
Bai Hung Investment Corp. Ltd.	Tai Ming Green Power CO.,LTD.	Taiwan	Sales of LED application products	50,000	50,000	5,000	100.00	( 5,081)	( 1,962)	-	Second-tier subsidiary
Bai Hung Investment Corp. Ltd.	iWEECARE Co., Ltd.	Taiwan	Cloud manufacturing of ICT hardware and software	19,500	10,500	4,370	14.87	5,670	( 31,166)	-	Investee accounted for using equity method
Bai Hung Investment Corp. Ltd.	Tele System Communications Pte Ltd.	Taiwan	Design and manufacture of wired communication equipment and apparatus and channel KU of Satellite TV	50,000	50,000	5,000	33.34	190	( 18,638)	-	Second-tier subsidiary
REGENT MANNER INTERNATIONAL HOLDINGS LIMITED	REGENT MANNER (BVI) LIMITED	British Virgin Islands	Holding company	2,083,846	2,083,846	34,631	100.00	15,281,867	2,257,288	-	Third-tier subsidiary
REGENT MANNER (BVI) LIMITED	Regent Manner Limited	Hong Kong	Design, processing, manufacture and sales of PCB surface mount packaging in TFT-LCD panels and general electronic information products	2,083,846	2,083,846	573,996	100.00	15,281,867	2,257,288	-	The Company is the company's ultimate parent company

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020					Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (in thousand shares)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income(loss) recognised by the Company for the year ended December 31, 2020	
Tele System Communications Pte Ltd.	TELE SYSTEM COMMUNICATIONS DE MEXICO, S.A. DE C.V.	Mexico	Sales of wired communication equipment and apparatus and channel KU of Satellite TV	\$ 42	\$ 42	20	99.00	\$ 1,154	(\$ 481)	\$ -	Second-tier subsidiary
Tele System Communications Pte Ltd.	TSC ELECTRONIC PTE. LTD.	Singapore	Sales of wired communication equipment and apparatus and channel KU of Satellite TV	1,488	1,488	50	100.00	1,347	170	-	Second-tier subsidiary

Taiwan Surface Mounting Technology Corp. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2020

Table 8

Expressed in thousands of NTD

Investee in Mainland Chin	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 4)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan							
Regent Electron (Suzhou) Co., Ltd	Processing and manufacturing of computer motherboard and interface card of peripheral devices	\$ 1,780,000	Reinvested in Mainland China companies through investing in existing companies in the third area	\$ 1,428,596	\$ -	\$ -	\$ 1,428,596	\$ 746,147	100	\$ 746,147	\$ 5,849,336	\$ 921,049	Note1
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	996,800	Reinvested in Mainland China companies through investing in existing companies in the third area	764,754	-	-	764,754	251,418	100	251,418	2,309,350	100,792	Note1
Regent Electron (Ningbo) Co., LTD.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	484,160	Reinvested in Mainland China companies through investing in existing companies in the third area	1,534,336	-	-	1,534,336	155,727	100	155,727	1,359,602	717,642	Note1

Amount remitted from Taiwan to  
Mainland China/  
Amount remitted back  
to Taiwan for the year ended  
December 31, 2020

Investee in Mainland Chin	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 4)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
Regent Electron (Xiamen) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	\$ 569,600	Reinvested in Mainland China companies through investing in existing companies in the third area	\$ 1,085,286	\$ -	\$ -	\$ -	\$ 1,085,286	\$ 148,494	100	\$ 148,494	\$ 1,544,761	\$ 578,071	Note 1	
Regent Electron (Chengdu) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	341,760	Reinvested in Mainland China companies through investing in existing companies in the third area	365,363	-	-	-	365,363	(154)	100	(154)	349,670	-	Note 1	
Regent Electron (Dongguan) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	569,600	Reinvested in Mainland China companies through investing in existing companies in the third area	636,449	-	-	-	636,449	12,807	100	12,807	445,123	-	Note 1	
Ningbo Yongfu Trade Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	79,744	Reinvested in Mainland China companies through investing in existing companies in the third area	138,015	-	-	-	138,015	287,787	100	287,783	999,829	-	Note 1	

Amount remitted from Taiwan to  
Mainland China/  
Amount remitted back  
to Taiwan for the year ended  
December 31, 2020

Investee in Mainland Chin	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 4)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan										
Unimicron-Fpc Technology Kunshan Inc.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	\$ 4,232,128	Reinvested in Mainland China companies through investing in existing companies in the third area	\$ 345,404	\$ -	\$ -	\$ 345,404	\$ -	2.08	\$ -	\$ -	\$ -	\$ -	\$ -	Note2	
Regent Electron (He Fei) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	683,520	Reinvested in Mainland China companies through investing in existing companies in the third area	441,951	-	-	441,951	280,028	100	280,028	930,441	-	Note1			
Regent Electron (Chong Qing) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	626,560	Reinvested in Mainland China companies through investing in existing companies in the third area	630,289	-	-	630,289	193,284	100	193,284	1,141,154	-	Note1			
Dongguan Zuefu Electron Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	130,944	Reinvested in Mainland China companies through investing in existing companies in the third area	-	-	-	-	210,487	100	210,487	754,952	-	Note4			
Regent Electron (Xian Yang) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	130,944	Reinvested in Mainland China companies through investing in existing companies in the third area	-	-	-	-	445,393	100	445,393	894,837	-	Note4			

Amount remitted from Taiwan to  
Mainland China/  
Amount remitted back  
to Taiwan for the year ended  
December 31, 2020

Investee in Mainland Chin	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 4)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan										
Chuzhou Bwin Techology Corp.	Research, development and production; sales of metal and plastic technology products	\$ 218,240	Reinvested in Mainland China companies through investing in existing companies in the third area	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3	\$ -	\$ 6,547	\$ -	Note3、 Note4	

Note 1: It was reinvested by its third-tier subsidiary, Regent Manner Limited, by cash through its subsidiary in the third area, Taiwan Surface Mounting Technology (B.V.I.) Co. LIMITED. Those investments all had been approved by the MOEA.

Note 2: It was reinvested by the investee, Best Option Investment Ltd., of the company's subsidiary, Taiwan Surface Mounting Technology (B.V.I.) Co. LIMITED, in the third area by cash, and had been approved by the MOEA. (B.V.I.) CO. LIMITED, in the third area by cash, and had been approved by the MOEA.

Note 3: Except for Unimicron-Fpc Technology Kunshan Inc. and Chuzhou Bwin Techology Corp., remaining companies' investment income (loss) were recognised based on the financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 4: The company was reinvested by the Company's Mainland China investees approved by the MOEA, no need to submit an additional application for the reinvestments to the MOEA in accordance with the regulations, therefore, the investments would not be included in the calculation of the Company's ceiling on investments in Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
Taiwan Surface Mounting Technology Corp.	\$ 6,975,141	\$ 9,101,602	(Note 5)

Note 5: The Company met the scope of operation made by the headquarter, thus, no limit was applicable on the Company's investments in Mainland China in accordance with "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area" effective August 1, 2008.

Taiwan Surface Mounting Technology Corp. and subsidiaries

Major shareholders information

December 31, 2020

Table 9

Unit: share

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Fubon Life Assurance Co.,LTD	18,548,000	6.34%
The new Labor Pension Act	18,071,402	6.18%