Alltek Technology Corp. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Alltek Technology Corp.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter of the Groupǿs consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Recognition of Sales Revenue

The Groupǿs major source of revenue comes from the trading of semiconductor components. Due to the large volume of transactions, the amount of revenue is material to the Groupǿs consolidated revenue and profit. There is a risk that revenue generated from specific sales may not occur; therefore, the recognition of sales revenue was identified as a key audit matter. Refer to Note 19 to the consolidated financial statements.

Regarding the managementǿs assessment of sales revenue, our audit procedures performed in respect of the above key audit matter included the following:

1. We understood the design and implementation and tested the operating effectiveness of internal controls over revenue recognition.

2 We sampled and performed test of details for documents related to revenue derived from specific customers, including sales orders, shipping documents and customs export declarations, and checked for any significant differences in collection status to verify that revenue was recognized upon completion of the performance obligation and the recorded transactions had actually occurred.

3. We inspected the subsidiary ledger to confirm significant sales return and discounts, and verified the existence of annual revenue.

Other Matter

We have also audited the parent company only financial statements of Alltek Technology Corp. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Groupǿs 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 supervisors, are responsible for overseeing the Groupǿs 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 auditorsô report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Groupôs 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 managementôs 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 Groupôs ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditorsô 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 auditorsô report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditorsô report are Ching-Fu Chang and Meng-Chieh Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2021

<u>*Notice to Readers*</u>

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

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 708,380	6	$ 358,269	3
Financial assets at fair value through profit or loss - current (Note 7)	2,274	-	-	-
Notes receivable, net (Notes 4 and 9)	8,127	-	33,120	1
Trade receivables, net (Notes 4, 9, 27, 28 and 29)	5,367,059	43	3,856,310	35
Other receivables (Notes 4 and 9)	683,820	5	889,228	8
Inventories (Notes 4 and 10)	4,133,312	33	5,068,352	46
Other financial assets (Notes 8 and 29)	667,197	5	106,423	1
Other current assets	96,164	1	139,251	1
Total current assets	11,666,333	93	10,450,953	95
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 12)	95,837	1	148,552	1
Property, plant and equipment (Notes 4, 13 and 29)	662,422	5	297,344	3
Right-of-use assets (Notes 4 and 14)	69,480	1	100,732	1
Intangible assets (Note 4)	3,042	-	4,294	-
Deferred tax assets (Notes 4 and 23)	58,693	-	41,922	-
Refundable deposits	29,261	-	14,081	-
Total non-current assets	918,735	7	606,925	5
TOTAL	$ 12,585,068	100	$ 11,057,878	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 29)	$ 2,140,558	17	$ 2,299,646	21
Short-term bills payable (Note 15)	1,438,800	11	1,290,000	12
Contract liabilities (Note 21)	447,134	4	448,563	4
Notes payable, net	8,359	-	4,578	-
Trade payables, net (Note 18)	3,341,720	27	1,954,850	18
Other payables (Note 17)	352,343	3	255,552	2
Other payables to related parties (Note 28)	-	-	53,964	-
Current tax liabilities (Notes 4 and 23)	48,675	-	48,485	-
Lease liabilities - current (Notes 4 and 14)	44,622	-	58,719	-
Current portion of long-term borrowings (Notes 15, 16 and 29)	4,726	-	172,063	2
Other current liabilities (Notes 17 and 21)	333,485	3	306,633	3
Total current liabilities	8,160,422	65	6,893,053	62
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 29)	774,645	6	1,043,467	10
Deferred tax liabilities (Notes 4 and 23)	160,850	2	87,624	1
Lease liabilities - non-current (Notes 4 and 14)	28,061	-	44,593	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	25,190	-	25,386	-
Deposits received	30	-	30	-
Total non-current liabilities	988,776	8	1,201,100	11
Total liabilities	9,149,198	73	8,094,153	73
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	1,891,813	15	1,797,843	16
Capital surplus	502,180	4	431,989	4
Retained earnings				
Legal reserve	344,259	3	315,424	3
Special reserve	27,662	-	4,652	-
Unappropriated earnings	516,273	4	341,689	3
Total retained earnings	888,194	7	661,765	6
Other equity				
Exchange differences on translating the financial statements of foreign operations	(91,332)	(1)	(27,662)	-
Total equity attributable to owners of the Company	3,190,855	25	2,863,935	26
NON-CONTROLLING INTERESTS	245,015	2	99,790	1
Total equity (Note 20)	3,435,870	27	2,963,725	27
TOTAL	$ 12,585,068	100	$ 11,057,878	100

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 28)	$ 41,948,823	100	$ 39,572,068	100
OPERATING COSTS (Notes 10 and 22)	(40,325,134)	(96)	(38,044,568)	(96)
GROSS PROFIT	1,623,689	4	1,527,500	4
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	(517,718)	(1)	(528,662)	(2)
General and administrative expenses	(408,732)	(1)	(330,482)	(1)
Research and development expenses	(125,361)	(1)	(112,333)	-
Total operating expenses	(1,051,811)	(3)	(971,477)	(3)
PROFIT FROM OPERATIONS	571,878	1	556,023	1
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	3,593	-	5,673	-
Other income (Note 22)	97,682	-	42,352	-
Other gains and losses (Note 22)	34,300	-	2,474	-
Finance costs (Note 22)	(127,562)	-	(238,110)	-
Share of profit or loss of associates (Note 12)	(4,475)	-	6,372	-
Total non-operating income and expenses	3,538	-	(181,239)	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	575,416	1	374,784	1
INCOME TAX EXPENSE (Notes 4 and 23)	(124,365)	-	(77,364)	-
NET PROFIT FOR THE YEAR	451,051	1	297,420	1
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(375)	-	(1,262)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	138	-	252	-
	(237)	-	(1,010)	-

(Continued)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to loss:				
Exchange differences on translating the financial statements of foreign operations	$ (81,715)	-	$ (29,084)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	18,045	-	6,074	-
	(63,670)	-	(23,010)	-
Other comprehensive loss for the year, net of income tax	(63,907)	-	(24,020)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 387,144	1	$ 273,400	1
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 461,288	1	$ 288,345	1
Non-controlling interests	(10,237)	-	9,075	-
	$ 451,051	1	$ 297,420	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 397,381	1	$ 264,325	1
Non-controlling interests	(10,237)	-	9,075	-
	$ 387,144	1	$ 273,400	1
EARNINGS PER SHARE (Note 24)				
Basic	$ 2.51		$ 1.66	
Diluted	$ 2.49		$ 1.53	

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus (Note 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests (Note 20)	Total Equity
BALANCE AT JANUARY 1, 2019	$ 1,695,251	$ 376,286	$ 294,288	$ 36,609	$ 246,963	$ (4,652)	$ 2,644,745	$ 90,715	$ 2,735,460
Appropriation of 2018 earnings									
Legal reserve	-	-	21,136	-	(21,136)	-	-	-	-
Special reserve	-	-	-	(31,957)	31,957	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(169,525)	-	(169,525)	-	(169,525)
Share dividends distributed by the Company	33,905	-	-	-	(33,905)	-	-	-	-
Changes in convertible bonds conversion	68,687	55,703	-	-	-	-	124,390	-	124,390
Net profit for the year ended December 31, 2019	-	-	-	-	288,345	-	288,345	9,075	297,420
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(1,010)	(23,010)	(24,020)	-	(24,020)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	287,335	(23,010)	264,325	9,075	273,400
BALANCE AT DECEMBER 31, 2019	1,797,843	431,989	315,424	4,652	341,689	(27,662)	2,863,935	99,790	2,963,725
Appropriation of 2019 earnings									
Legal reserve	-	-	28,835	-	(28,835)	-	-	-	-
Special reserve	-	-	-	23,010	(23,010)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(234,622)	-	(234,622)	-	(234,622)
Share dividends distributed by the Company	-	-	-	-	-	-	-	-	-
Changes in convertible bonds conversion	93,970	71,440	-	-	-	-	165,410	-	165,410
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	461,288	-	461,288	(10,237)	451,051
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(237)	(63,670)	(63,907)	-	(63,907)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	461,051	(63,670)	397,381	(10,237)	387,144
Changes in percentage of ownership interests in subsidiaries	-	(1,249)	-	-	-	-	(1,249)	1,249	-
Non-controlling interests arising from acquisition of subsidiaries (Note 25)	-	-	-	-	-	-	-	150,763	150,763
Subsidiaries issuance of common stock from compensation of employees (Note 20)	-	-	-	-	-	-	-	3,450	3,450
BALANCE AT DECEMBER 31, 2020	$ 1,891,813	$ 502,180	$ 344,259	$ 27,662	$ 516,273	$ (91,332)	$ 3,190,855	$ 245,015	$ 3,435,870

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 575,416	$ 374,784
Adjustments for:		
Depreciation expenses	85,478	75,150
Amortization	1,961	2,048
Impairment profit or loss recognized on trade receivables	(7,796)	21,192
Net loss on fair value changes of financial liabilities designated as at fair value through profit or loss	(27)	(510)
Finance costs	127,562	238,110
Interest income	(3,593)	(5,673)
Share of profit of associates	4,475	(6,372)
Gain on disposal of property, plant and equipment	(66)	-
Net gain on disposal of financial assets	(991)	-
Gain on disposal of investments accounted for using the equity method	(16,069)	-
Loss on disposal and write-down of inventories	75,399	-
Net loss on foreign currency exchange	37,583	46,318
Loss on redemption of convertible bonds	175	-
Gain on lease modification	(1,996)	-
Gain from bargain purchase	(23,274)	-
Changes in operating assets and liabilities		
Notes receivable	25,072	(3,631)
Trade receivables	(1,480,118)	693,163
Other receivables	206,939	(672,643)
Inventories	913,093	429,859
Other current assets	58,887	33,120
Other financial assets	(560,774)	(12,318)
Contract liabilities	(15,901)	298,117
Notes payable	(36)	(12,163)
Trade payables	1,348,857	(62,541)
Other payables	84,801	790
Other current liabilities	22,287	225,220
Net defined benefit liabilities - non-current	220	(167)
Cash generated from operations	1,457,564	1,661,853
Interest received	3,593	5,673
Interest paid	(140,403)	(233,379)
Income tax paid	(49,203)	(82,333)
Net cash generated from operating activities	1,271,551	1,351,814

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ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	$ (36,305)	$ -
Proceeds from sale of financial assets at fair value through profit or loss	35,049	-
Net cash outflow on acquisition of subsidiary (Note 25)	(17,811)	-
Payments for property, plant and equipment	(8,000)	(9,900)
Proceeds from disposal of property, plant and equipment	554	103
Increase in refundable deposits	(15,020)	(270)
Payments for intangible assets	(629)	(3,842)
Net cash used in investing activities	(42,162)	(13,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	20,762,891	-
Repayments of short-term payables	(20,910,366)	(2,369,881)
Proceeds from short-term bills payable	148,800	650,000
Repayments of bond payable	(7,700)	(900)
Proceeds from long-term borrowings	-	1,043,467
Prepayment for long-term borrowings	(419,640)	(360,000)
Decrease in other payables to related parties	(53,964)	(21,501)
Repayments of the principal portion of lease liabilities	(71,952)	(59,795)
Increase in non-controlling interests	3,450	-
Dividends paid to owners of the Company	(234,622)	(169,525)
Net cash used in financing activities	(783,103)	(1,288,135)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(96,175)	(35,263)
NET INCREASE IN CASH	350,111	14,507
CASH AT THE BEGINNING OF THE YEAR	358,269	343,762
CASH AT THE END OF THE YEAR	$ 708,380	$ 358,269

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Alltek Technology Corp. (the ñCompanyò) was incorporated in April 1991 as a company limited by shares under the Company Law of the Republic of China (ROC). The Company mainly sells communication components.

The Companyôs shares have been traded on Taipei Exchange, formerly known as the GreTai Securities Market since March 2004. In November 2008, the Companyôs shares have been listed on the Taiwan Stock Exchange (ñTWSEò).

The functional currency of the Company is the New Taiwan dollar. The consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Companyôs board of directors on March 17, 2021.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the ñIFRSsò) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Groupôs accounting policies:

   Amendments to IAS 1 and IAS 8 ñDefinition of Materialò

   The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to ñcould reasonably be expected to influenceò. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 ñExtension of the Temporary Exemption from Applying IFRS 9ò	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ñInterest Rate Benchmark Reform - Phase 2ò	January 1, 2021
Amendment to IFRS 16 ñCovid-19 - Related Rent Concessionsò	June 1, 2020

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ñInterest Rate Benchmark Reform - Phase 2ò

  ñInterest Rate Benchmark Reform - Phase 2ò primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

  Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

  The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
ñAnnual Improvements to IFRS Standards 2018-2020ò	January 1, 2022 (Note 2)
Amendments to IFRS 3 ñReference to the Conceptual Frameworkò	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 ñSale or Contribution of Assets between an Investor and its Associate or Joint Ventureò	To be determined by IASB
IFRS 17 ñInsurance Contractsò	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 ñClassification of Liabilities as Current or Non-currentò	January 1, 2023
Amendments to IAS 1 ñDisclosure of Accounting Policiesò	January 1, 2023 (Note 6)
Amendments to IAS 8 ñDefinition of Accounting Estimatesò	January 1, 2023 (Note 7)
Amendments to IAS 16 ñProperty, Plant and Equipment - Proceeds before Intended Useò	January 1, 2022 (Note 4)
Amendments to IAS 37 ñOnerous Contracts - Cost of Fulfilling a Contractò	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 ñAgricultureò will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 ñFirst-time Adoptions of IFRSsò will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IFRS 10 and IAS 28 ñSale or Contribution of Assets between an Investor and its Associate or Joint Ventureò

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Groupôs interest as an unrelated investor in the associate or joint venture, i.e., the Groupôs share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Groupôs interest as an unrelated investor in the associate or joint venture, i.e., the Groupôs share of the gain or loss is eliminated.

2) Amendments to IAS 1 ñClassification of Liabilities as Current or Non-currentò

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Groupôs own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Groupôs own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 ñFinancial Instruments: Presentationò, the aforementioned terms would not affect the classification of the liability.

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 ñFinancial Instrumentsò, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

4) Amendments to IAS 1 ñDisclosure of Accounting Policiesò

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 ñAccounting Policies, Changes in Accounting Estimates and Errorsò in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

5) Amendments to IAS 8 ñDefinition of Accounting Estimatesò

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

6) Amendments to IAS 16 ñProperty, Plant and Equipment: Proceeds before Intended Useò

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 ñInventoriesò. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Groupφs financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through other comprehensive income/financial assets at fair value through profit or loss or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

See Note 11, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at fair value. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

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

g. Inventories

Inventories consist of merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

i. Property, plant and equipment

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Groupôs cash-generating units or groups of cash-generating units (referred to as ñcash-generating unitsò) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

b) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the assetφs carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

   a) Subsequent measurement

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

   b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

   Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

n. Provisions

Provisions, including those arising from contractual obligations specified in service concession arrangements to maintain or restore infrastructure before it is handed over to the grantor and levies imposed by governments, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

o. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of leisure goods and electronic equipment. Sales of semiconductor components are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

p. Leases

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

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

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lesseeˆs incremental borrowing rate will be used.

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

q. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Groupˆs defined benefit plans.

s. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

Adjustments of prior yearsô tax liabilities are added to or deducted from the current yearôs tax provision.

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 1,224	$ 1,002
Checking accounts and demand deposits	688,539	330,285
Cash equivalent (investments with original maturities of less than three months)		
Time deposits	18,617	26,982
	$ 708,380	$ 358,269

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Bank balance	0.01%-0.39%	0.01%-0.39%
Cash equivalent	0.4%-1.1%	2%-2.5%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	**2019**
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 2,274	$ -

8. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Pledged bank deposits	$ 667,197	$ 106,423

Refer to Note 29 for information relating to other financial assets pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 8,127	$ 33,120
Less: Allowance for impairment loss	-	-
	$ 8,127	$ 33,120
Notes receivable - operating	$ 8,127	$ 33,120
Notes receivable - non-operating	-	-
	$ 8,127	$ 33,120
Trade receivables		
At amortized cost		
Gross carrying amount	$ 5,406,186	$ 3,402,046
Less: Allowance for impairment loss	(50,384)	(58,774)
	5,355,802	3,343,272
At FVTOCI	10,908	504,281
	$ 5,366,710	$ 3,847,553
Trade receivables from related parties		
At amortized cost		
Gross carrying amount	$ 349	$ 8,757
Less: Allowance for impairment loss	-	-
	$ 349	$ 8,757
Other receivables		
Factored trade receivables reclassified to other receivables (Note 27)	$ 466,700	$ 677,385
Business tax refund receivables	40,905	13,127
Purchases returns or allowances receivable	172,223	195,777
Others	3,992	2,939
	$ 683,820	$ 889,228

Trade Receivables

a. At amortized cost

The average credit period of sales of goods ranged from 30-180 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Groupȏs credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customerȏs current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Groupȏs historical credit loss experience does show significantly different loss patterns for different customer segments, the Group uses different provision matrixes based on customer segments by geographical region, and determines the expected credit loss rate by reference to past due days of accounts receivable and regional economic conditions.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables at amortized cost based on the Companyȏs provision matrix.

December 31, 2020

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%-5%	4%-100%	
Gross carrying amount	$ 4,881,015	$ 478,805	$ 54,842	$ 5,414,662
Loss allowance (Lifetime ECLs)	-	(553)	(49,831)	(50,384)
Amortized cost	$ 4,881,015	$ 478,252	$ 5,011	$ 5,364,278

December 31, 2019

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%-8%	0%-100%	
Gross carrying amount	$ 1,414,155	$ 1,972,504	$ 57,264	$ 3,443,923
Loss allowance (Lifetime ECLs)	-	(2,265)	(56,509)	(58,774)
Amortized cost	$ 1,414,155	$ 1,970,239	$ 755	$ 3,385,149

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

	2020	2019
Balance at January 1	$ 58,774	$ 39,274
Add: Acquisition through business combination	5,848	-
Add: Net remeasurement of loss allowance*	-	21,192
Less: Amounts written off	(4,840)	(754)
Less: Net remeasurement of loss allowance*	(7,796)	-
Foreign exchange gains and losses	(1,602)	(938)
Balance at December 31, 2020	$ 50,384	$ 58,774

* During 2020 and 2019, trade receivables increased by $1,970,739 thousand and decreased by $704,796 thousand, respectively. The Group reversed an impairment loss on trade receivables amounting to $7,796 thousand as of December 31, 2020. The Group recognized an impairment loss on trade receivables amounting to $21,192 thousand as of December 31, 2019. These amounts were mainly due to customers under severe financial difficulties.

b. At FVTOCI

The Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The following table details the loss allowance of trade receivables at FVTOCI based on the Group's provision matrix.

December 31, 2020

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	$ 10,908	$ -	$ -	$ 10,908
Loss allowance (Lifetime ECLs)	-	-	-	-
Cost at FVTOCI	$ 10,908	$ -	$ -	$ 10,908

December 31, 2019

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	$ 504,281	$ -	$ -	$ 504,281
Loss allowance (Lifetime ECLs)	-	-	-	-
Cost at FVTOCI	$ 504,281	$ -	$ -	$ 504,281

10. INVENTORIES

	December 31	
	2020	2019
Merchandise	$ 4,040,316	$ 5,037,784
Finished goods	12,209	5,010
Work in progress	26,766	10,645
Raw materials	54,021	14,913
	$ 4,133,312	$ 5,068,352

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 40,247,078	$ 38,044,568
Inventory write-downs	74,448	-
Inventory disposal	951	-
Others	2,657	-
	$ 40,325,134	$ 38,044,568

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership December 31	
Investor	Investee	Nature of Activities	2020	2019
Alltek Technology Corp.	Pantek Technology Corp.	Selling and marketing of communication components	100.00%	100.00%
Alltek Technology Corp.	Alltek Marine Electronics Corp.	Designing and manufacturing of high quality AIS products	53.00%	54.00%
Alltek Technology Corp.	Alltek Group Corp.	Investments	100.00%	100.00%
Alltek Technology Corp.	Alder Optomechanical Corp.	Manufacturing and selling lighting equipment	51.00%	20.00%
Alltek Group Corp.	All Plus Co., Ltd. (BVI)	Selling and marketing of communication components	100.00%	100.00%
Alltek Group Corp.	All Pan Co., Ltd.	Investments	100.00%	100.00%
Alltek Group Corp.	Alltek Technology (H.K.) Limited	Selling and marketing of communication components	100.00%	100.00%
Alltek Group Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	-	33.33%
All Pon Co., Ltd.	YMY Co., Ltd.	Selling and marketing of communication components	100.00%	100.00%
Alltek Technology (H.K.) Limited	Alltek Technology (Shenzhen) Ltd.	Selling and marketing of communication components	100.00%	100.00%
Pantek Technology Corp.	Pantek Global Corp.	Selling and marketing of communication components	100.00%	100.00%
Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	100.00%	66.67%

b. Pantek Group Corp. was liquidated after reorganization, and was approved by the Investment Review Committee of the Ministry of Economic Affairs. Pantek Technology Corp. directly held 100% equity of Pantek Global Corp. since 2019.

c. On February 27, 2019, Pantek Trade (Shenzhen) Co., Ltd issued ordinary shares for US$1.5 million, of which all were subscribed by Alltek Group. Since Pantek Global Corp. did not subscribe for the ordinary shares according to the shareholding ratio; therefore, its percentage of ownership in Pantek Trade (Shenzhen) Co., Ltd had been reduced from 100% to 66.67%.

d. Alltek Group Corp. transferred 33.33% equity of Pantek Trade (Shenzhen) Co., Ltd to Pantek Global Corp., which is approved in the shareholdersô meetings of Pantek Trade (Shenzhen) Co., Ltd. on March 9, 2020. Alltek Group Corpœs percentage of ownership in Pantek Trade (Shenzhen) Co., Ltd. had been reduced from 33% to 0%. Pantek Global Corpœs percentage of ownership in Pantek Trade (Shenzhen) Co., Ltd. had been increased from 66.67% to 100%.

e. In March, 2020, the Company acquired 70,000 thousand shares of Alder Optomechanical Corp., resulting in an increase in the Groupœs percentage of ownership from 20% to 51.11% and Alder Optomechanical Corp. became the Groupœs subsidiary. Refer to Note 25 for information relating to business combination of Alder Optomechanical Corp.

f. Alltek Marine Electronics Corp. resolved to settle compensation paid to employees in shares; therefore, the Groupœs percentage of ownership had been reduced from 54% to 53%.

g. Subsidiaries excluded from the consolidated financial statements: None.

h. Details of subsidiaries that have material non-controlling interests: None.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	**2019**
Investments in associates		
Associates that are not individually material:		
General Life Biotechnology Co., Ltd.	$ 95,837	$ 90,284
Alltek Technology (S) Pte. Ltd.	-	-
Alder Optomechanical Corp.	-	58,268
	$ 95,837	$ 148,552

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	**2019**
The Groupœs share of:		
Net gain (loss) for the year	$ (4,475)	$ 6,372
Total comprehensive income (loss) for the year	$ (4,475)	$ 6,372

The Groupœs share of loss of Alltek Technology (S) Pte. Ltd. is limited to the amount of investment and share of profit of the associate. When the Groupœs share of loss of the associate equals the interests in the associate and the investment becomes zero, further losses are not recognized.

Refer to Note 25 for more details about Alder Optomechanical Corp.

The investment accounted for using the equity method and the share of profit or loss and other comprehensive income for the years ended December 31, 2020 and 2019 were based on the associateœs financial statements audited by other auditors for the same years.

Associates are accounted for using the equity method.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Experi- mental Equipment	Transpor- tation Equipment	Office Equipment	Total
Cost							
Balance at January 1, 2019	$ 185,699	$ 138,503	$ 17,039	$ 19,455	$ 2,624	$ 95,349	$ 458,669
Additions	-	-	3,828	133	250	5,689	9,900
Disposals	-	-	-	(93)	-	(1,523)	(1,616)
Effect of foreign currency exchange differences	-	(41)	(25)	-	-	(1,034)	(1,100)
Balance at December 31, 2019	$ 185,699	$ 138,462	$ 20,842	$ 19,495	$ 2,874	$ 98,481	$ 465,853
Accumulated depreciation							
Balance at January 1, 2019	$ -	$ 41,186	$ 13,758	$ 19,138	$ 1,729	$ 77,861	$ 153,672
Depreciation expense	-	4,260	2,420	313	299	9,667	16,959
Disposals	-	-	-	(93)	-	(1,420)	(1,513)
Effect of foreign currency exchange differences	-	(41)	(18)	-	-	(550)	(609)
Balance at December 31, 2019	$ -	$ 45,405	$ 16,160	$ 19,358	$ 2,028	$ 85,558	$ 168,509
Carrying amounts at December 31, 2019	$ 185,699	$ 93,057	$ 4,682	$ 137	$ 846	$ 12,923	$ 297,344
Cost							
Balance at January 1, 2020	$ 185,699	$ 138,462	$ 20,842	$ 19,495	$ 2,874	$ 98,481	$ 465,853
Additions	-	-	3,973	1,603	-	2,424	8,000
Disposals	-	(2,345)	(2,890)	(19,362)	(485)	(35,935)	(61,017)
Acquisition through business combination	220,437	139,872	298,097	-	1,372	13,586	673,364
Effect of foreign currency exchange differences	-	-	(51)	-	-	(467)	(518)
Balance at December 31, 2020	$ 406,136	$ 275,989	$ 319,971	$ 1,736	$ 3,761	$ 78,089	$ 1,085,682
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 45,405	$ 16,160	$ 19,358	$ 2,028	$ 85,558	$ 168,509
Depreciation expense	-	7,641	11,311	232	333	6,606	26,123
Disposals	-	(2,411)	(2,597)	(19,362)	(405)	(35,797)	(60,572)
Acquisition through business combination	-	27,321	248,583	-	1,148	12,721	289,773
Effect of foreign currency exchange differences	-	-	(50)	-	-	(523)	(573)
Balance at December 31, 2020	$ -	$ 77,956	$ 273,407	$ 228	$ 3,104	$ 68,565	$ 423,260
Carrying amounts at December 31, 2020	$ 406,136	$ 198,033	$ 46,564	$ 1,508	$ 657	$ 9,524	$ 662,422

At March, 31, 2020, property, plant and equipment acquired in business combination have a fair value of $383,591 thousand. No impairment assessment was performed for the year ended December 31, 2020 as there was no indication of impairment.

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

Building	
Main buildings	50 years
Others	2-10 years
Machinery and equipment	2-10 years
Experimental equipment	2-5 years
Transportation equipment	3-5 years
Office equipment	1-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Buildings	$ 62,839	$ 95,734
Transportation equipment	6,641	4,998
	$ 69,480	$ 100,732

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 36,182	$ 42,596
Depreciation charge for right-of-use assets		
Buildings	$ 54,854	$ 54,807
Transportation equipment	4,501	3,384
	$ 59,355	$ 58,191

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 44,622	$ 58,719
Non-current	$ 28,061	$ 44,593

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	1.2%-4.75%	1.2%-4.75%
Transportation equipment	1.2%-4.75%	1.2%-4.75%

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 29)		
Bank loans (2)	$ 518,470	$ -
Transferred receivables (3)	22,784	-
	541,254	-
Unsecured borrowings		
Line of credit borrowings	1,599,304	2,299,646
	$ 2,140,558	$ 2,299,646
Interest rate interval	0.35%-1.30%	1.05%-3.27%

1) Part of the short-term borrowings of the Group for the years ended December 31, 2020 and 2019 have been jointly guaranteed by chairman of the board of the Company.

2) Part of the secured borrowings of the Group for the year end December 31, 2020 have been jointly guaranteed by time deposits.

3) Transferred receivables were secured by a guarantee over a certain amount of the Groupꞌs trade receivables (refer to Note 9). The weighted average effective interest rates were 1.23% and 0% per annum as of December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	$ 1,438,800	$ 1,290,000
Less: Unamortized discount on bills payable	-	-
	$ 1,438,800	$ 1,290,000
Interest rate interval	0.22%-0.96%	0.50%-0.89%

The commercial paper payable were not discounted because the effect was not material.

c. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 29)		
Bank loans	$ 754,371	$ 1,043,467
Unsecured borrowings		
Bank loans	25,000	-
	779,371	1,043,467
Less: Current portion	(4,726)	-
Long-term borrowings	$ 774,645	$ 1,043,467
Interest rate interval	1.30%-1.80%	1.80%-3.08%

Portion of the long-term borrowings of the Group for the years ended December 31, 2020 and 2019 have been jointly guaranteed by chairman of the board of the Company.

In May 2016 and June 2016, the bank borrowings were secured by the Companyօs freehold land and building and repaid in April 2020.

In April 2020, the range of weighted average effective interest rate of the bank borrowings secured by the Companyօs freehold land and buildings was 1.45% per annum.

In June 2019, the Company signed a contract for a three-year syndicated loan with bank. The repayment period is between June 26, 2019 and June 25, 2022. The syndicated loan may be used on a revolving basis within the repayment period. The effective interest rate was 1.33%-1.80% as of December 31, 2020.

16. BONDS PAYABLE

	December 31	
	2020	2019
Unsecured bonds payable	$ -	$ 172,063
Less: Current portion	-	(172,063)
Bonds payable	$ -	$ -

On October 24, 2017, to repay the loan, the Group issued the 3rd domestic unsecured convertible bonds with an aggregate principal amount of $300,000 thousand and a face value of $100 thousand per bond certificate. The issuance price is face value multiplied by 100.2%. At the end of third years from the bond issuance date, bondholders have the right to redeem the convertible bonds at face value plus interest compensation (the interest compensation is face value multiplied by 102.2669%, rate of return is 0.75% at expiration date) in cash. The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The terms and conditions of the bonds are as follows:

a. Issuance date: October 24, 2017

b. Coupon rate: 0%

c. Issuance period: 3 years, and a circulation period from October 24, 2017 to October 24, 2020.

d. Redemption of the convertible bonds

At the end of second years from the bond issuance date, bondholders have the right to request the Group to redeem the convertible bonds at face value plus interest compensation (the interest compensation is face value multiplied by 101.5056%, rate of return is 0.75% at expiration date) in cash.

e. Redemption method

1) Conversion subject: Subject is ordinary shares of the Company. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding ordinary shares.

2) Conversion period:

The bonds are exchangeable into ordinary shares of the Company at any time on or after January 25, 2018 and prior to October 24, 2020 except during closed period.

3) The conversion price of the bonds is set based on the arithmetic mean of the business dayôs closing share price multiplied by 102% premium rate before the effective date on October 16, 2017. As the Company distributed share dividends on August 2, 2020, the conversion price was adjusted from NT$18.3 per share to NT$17.2 per share.

4) The conversion value of convertible bonds as of October 24, 2020 was $291,400 thousand. The Company redeemed convertible bonds at par value of $7,700 thousand in November 2020 and recognized a redemption loss of $175 thousand.

5) The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.2025% per annum on initial recognition.

6) The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.2025% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $3,000 thousand)	$ 297,600
Equity component (less transaction costs allocated to the equity component of $73 thousand and related income tax of $12 thousand)	(7,214)
Deferred tax assets	12
Liability component at the date of issuance	290,398
Option (less transaction costs allocated to the liability component of $4 thousand)	(387)
Interest charged at an effective interest rate	7,145
Convertible bonds into ordinary shares	(124,193)
Redeemed convertible bonds	(900)
Liability component at December 31, 2019	$ 172,063
Liability component at January 1, 2020	$ 172,063
Interest charged at an effective interest rate	1,047
Convertible bonds converted into ordinary shares	(165,410)
Redeemed convertible bonds	(7,700)
Liability component at December 31, 2020	$ -

17. OTHER LIABILITIES

	December 31	
	2020	2019
Other payables		
Salaries and bonus	$ 207,200	$ 142,641
Payable for annual leave	15,558	12,960
Payables for freight	17,435	21,499
Others	112,150	78,452
	$ 352,343	$ 255,552
Other liabilities		
Refund liabilities (Note 22)	$ 260,502	$ 265,727
Others	72,983	40,906
	$ 333,485	$ 306,633

18. TRADE PAYABLES

The amounts of trade payables including debit note for the years ended December 31, 2020 and 2019 were $538,453 thousand and $570,231 thousand, respectively. The net trade payables for the years ended December 31, 2020 and 2019 were $3,341,720 thousand and $1,954,850 thousand, respectively.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Groupôs subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 41,744	$ 39,816
Fair value of plan assets	(16,554)	(14,430)
Net defined benefit liability	$ 25,190	$ 25,386

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	$ 37,202	$ (12,911)	$ 24,291
Service cost			
Current service cost	389	-	389
Net interest expense (income)	421	(151)	270
Recognized in profit or loss	810	(151)	659
Remeasurement			
Return on plan assets	-	(542)	(542)
Actuarial loss - changes in demographic assumptions	327	-	327
Actuarial loss - changes in financial assumptions	1,566	-	1,566
Actuarial loss - experience adjustments	(89)	-	(89)
Recognized in other comprehensive income	1,804	(542)	1,262
Contributions from the employer	-	(826)	(826)
Balance at December 31, 2019	$ 39,816	$ (14,430)	$ 25,386
Balance at January 1, 2020	$ 39,816	$ (14,430)	$ 25,386
Service cost			
Current service cost	404	-	404
Net interest expense (income)	301	(119)	182
Recognized in profit or loss	705	(119)	586
Remeasurement			
Return on plan assets	-	(458)	(458)
Actuarial loss - changes in demographic assumptions	-	-	-
Actuarial loss - changes in financial assumptions	767	-	767
Actuarial loss - experience adjustments	91	(25)	66
Recognized in other comprehensive income	858	(483)	375
Contributions from the employer	-	(751)	(751)
Business combinations	365	(771)	(406)
Balance at December 31, 2020	$ 41,744	$ (16,554)	$ 25,190

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the planôs debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2020	**2019**
Discount rate(s)	0.50%-0.90%	0.75%-1.25%
Expected rate(s) of salary increase	2.50%-3.00%	2.50%-2.75%

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

	December 31	
	2020	**2019**
Discount rate(s)		
0.25% increase	$ (1,038)	$ (1,057)
0.25% decrease	$ 1,081	$ 1,102
Expected rate(s) of salary increase		
0.25% increase	$ 1,042	$ 1,065
0.25% decrease	$ (1,007)	$ (1,028)

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

	December 31	
	2020	**2019**
The expected contributions to the plan for the next year	$ 755	$ 729
The average duration of the defined benefit obligation	10-26 years	10.7-12.8 years

20. EQUITY

a. Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	350,000	350,000
Shares authorized	$ 3,500,000	$ 3,500,000
Number of shares issued and fully paid (in thousands)	189,181	179,784
Shares issued	$ 1,891,813	$ 1,797,843

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

The total amount of share capital according to the Articles of Incorporation is $3,500,000 thousand, which was approved in the shareholdersô meeting of the Company.

On June 20, 2019, the shareholdersô meeting resolved to distribute 33,905 thousand shares dividend (to issue 3,391 thousand ordinary shares with a par value of $10) from distributable earnings and the ex-rights date was August 9, 2019. The above transaction was approved by FSC.

As of December 31, 2019, the 3rd domestic unsecured convertible bonds had been converted into 6,869 thousand ordinary shares at NT$18.3 per share and the ex-rights date was March 13, 2020.

As of December 31, 2020, the 3rd domestic unsecured convertible bonds had been converted into 3,699 thousand ordinary shares at NT$18.3 per share. After the conversion price was changed on August 2, 2020, the 3rd domestic unsecured convertible bonds were converted into 5,698 thousand shares at NT$17.2 per share.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 495,650	$ 420,232
The difference between consideration received or paid and the carrying amount of the subsidiariesô net assets during actual disposal or acquisition	3,884	3,884
May be used to offset a deficit only (2)		
Changes in percentage of ownership interests in subsidiaries	793	2,042
Employee share options expired	1,322	1,322
Redemption of the convertible bonds	531	-
May not be used for any purpose		
Equity component of convertible bonds issued by the Company	-	4,509
	$ 502,180	$ 431,989

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Companyôs capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 20, 2019 and in that meeting, resolved the amendments to the Companyôs Articles of Incorporation (the ñArticlesò). And the amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholdersô meeting.

Under the dividend policy to the Company, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Companyôs board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholdersô meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employeesô compensation and remuneration to directors and supervisors before and after amendment, please refer to employee benefits expense in Note 22(g).

The Companyôs dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholdersô interests. When there is no cumulative loss, the Company shall set aside share dividends at no less than 50% of the net profit. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 30% of the total dividends.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Companyôs paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Companyôs paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled ñQuestions and Answers for Special Reserves Appropriated Following Adoption of IFRSsò should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 approved in the shareholdersô meetings on June 18, 2020 and June 20, 2019, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 28,835	$ 21,136		
Special reserve	23,010	(31,957)		
Cash dividends	234,622	169,525	$ 1.30	$ 1.00
Share dividends	-	33,905	-	0.20

The appropriations of earnings for 2020 had been proposed by the Companyôs board of directors on March 17, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31, 2020
Legal reserve	$ 46,153
Special reserve	$ 63,670
Cash dividends	$ 264,854
Share dividends	$ 113,509
Cash dividends per share (NT$)	$ 1.4
Share dividends per share (NT$)	$ 0.6

The appropriations of earnings for 2020 are subject to the resolution of the shareholdersô meeting to be held on June 22, 2021.

d. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 99,790	$ 90,715
Non-controlling interests arising from acquisition of subsidiaries	150,763	-
Subsidiaries issuance of common stock from compensation to employees	3,450	-
Changes in percentage of ownership interests in subsidiaries	1,249	-
Attributable to non-controlling interests:		
Share of profit for the year	(10,237)	9,075
Balance at December 31	$ 245,015	$ 99,790

The Groupôs percentage of ownership in Alder Optomechanical Corp. was increased from 20% to 51% and it became the Groupôs subsidiary in 2020. The non-controlling interests are measured according to the proportion of the fair value of identifiable net assets on acquisition date.

The Groupôs percentage of ownership in Alltek Marine Electronics Corp. was reduced from 54.01% to 53.27%. Alltek Marine Electronics Corp. resolved to settle compensation paid to employees in shares, which increased the outstanding shares and decreased the Groupôs percentage of ownership in Alltek Marine Electronics Corp. The above transactions were accounted for as equity transactions since the Group did not cease to have control over these subsidiaries.

21. REVENUE RECOGNITION

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 41,926,726	$ 39,572,068
Others	22,097	-
	$ 41,948,823	$ 39,572,068

	December 31	
	2020	2019
Contract liabilities - current		
Revenue from sale of goods	$ 447,134	$ 448,563

a. Contract information

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of the semiconductor components, AIS products and lighting equipment. Sales of the semiconductor components, AIS products and lighting equipment are recognized as revenue when the goods are delivered to the customerôs specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The estimation of refund liabilities is made and adjusted based on historical experience and classified under other current liabilities, refer to Note 17.

b. Disaggregation of revenue

Refer to Note 33 for information about disaggregation of revenue.

22. NET PROFIT AND OTHER COMPREHENSIVE INCOME

Net profit was attributable to:

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 3,593	$ 5,673

b. Other income

	For the Year Ended December 31	
	2020	2019
Government subsidiaries	$ 25,739	$ -
Dividends		
Financial assets at FVTPL	270	-
Others	71,673	42,352
	$ 97,682	$ 42,352

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of financial assets	$ 991	$ -
Gain on disposal of associates (Note 25)	16,069	-
Fair value changes of financial assets and financial liabilities		
Financial liabilities designated as at FVTPL	-	510
Financial assets designated as at FVTPL	(27)	
Net foreign exchange gains	30,522	56,803
Compensation for damages	(7,381)	(20,475)
Gain from bargain purchases on acquisition of associates (Note 25)	23,274	-
Others	(29,148)	(34,364)
	$ 34,300	$ 2,474

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on loans/loans from related parties/convertible bonds	$ 124,152	$ 233,866
Interest on lease liabilities	3,410	4,244
	$ 127,562	$ 238,110

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 11,587	$ 1,717
Operating expenses	73,891	73,433
	$ 85,478	$ 75,150
An analysis of amortization by function		
Operating expenses	$ 1,961	$ 2,048

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	$ 17,419	$ 14,843
Defined benefit plans (Note 19)	586	659
	18,005	15,502
Other employee benefits	686,595	604,208
Total employee benefits expense	$ 704,600	$ 619,710

(Continued)

	For the Year Ended December 31	
	2020	2019
An analysis of employee benefits expense by function		
Operating costs	$ 25,446	$ 12,026
Operating expenses	679,154	607,684
	$ 704,600	$ 619,710

(Concluded)

g. Employeesô compensation and remuneration of directors and supervisors

The Company accrues employeesô compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, employeesô compensation, and remuneration to directors and supervisors. The employeesô compensation and remuneration to directors and supervisors for the years ended December 31, 2020 and 2019 which have been approved by the Companyôs board of directors on March 17, 2021 and March 13, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employeesô compensation	5.38%	8.21%
Remuneration to directors and supervisors	0.98%	1.35%

Amount

	For the Year Ended December 31			
	2020		2019	
	Cash	Share	Cash	Share
Employeesô compensation	$ 33,000	$ -	$ 24,370	$ -
Remuneration to directors and supervisors	6,000	-	4,000	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employeesô compensation and remuneration to directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2019.

Information on the employeesô compensation and remuneration to directors and supervisors resolved by the Companyôs board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 1,304,382	$ 1,416,812
Foreign exchange losses	(1,273,860)	(1,360,009)
	$ 30,522	$ 56,803

23. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 49,490	$ 78,558
Income tax on unappropriated earnings	44	1,056
Adjustments for prior years	193	259
	49,727	79,873
Deferred tax		
In respect of the current year	74,638	(2,509)
Income tax expense recognized in profit or loss	$ 124,365	$ 77,364

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	$ 18,045	$ 6,074

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

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	$ 575,416	$ 374,784
Income tax expense calculated at the statutory rate	$ 115,083	$ 74,957
Nondeductible expenses in determining taxable income	1,868	1,374
Tax-exempt income	(5,792)	840
Additional income tax under the Alternative Minimum Tax Act	223	-
Generate and reversal of temporary differences	-	(4,845)
Unrecognized loss carryforwards/deductible temporary differences	81,950	8,622
Income tax on unappropriated earnings	44	1,056
Adjustments for prior yearsôtax	193	259
Effect of different tax rate of entities in the Group operating in other jurisdictions	(69,204)	(4,899)
Income tax expense recognized in profit or loss	$ 124,365	$ 77,364

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized inventory loss	$ 17,567	$ 7,754	$ -	$ 25,321
Defined benefit obligation	5,076	(29)	138	5,185
Unrealized foreign exchange loss	10,031	5,828	-	15,859
Others	9,248	629	2,451	12,328
	$ 41,922	$ 14,182	$ 2,589	$ 58,693
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 86,319	$ 74,531	$ -	$ 160,850
Others	1,305	14,289	(15,594)	-
	$ 87,624	$ 88,820	$ (15,594)	$ 160,850

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized inventory loss	$ 14,937	$ 2,630	$ -	$ 17,567
Defined benefit obligation	4,857	(33)	252	5,076
Unrealized foreign exchange loss	2,590	7,441	-	10,031
Others	12,239	(3,312)	321	9,248
	$ 34,623	$ 6,726	$ 573	$ 41,922

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 78,412	$ 7,907	$ -	$ 86,319
Defined benefit obligation	-	-	-	-
Unrealized foreign exchange gain	3,964	(3,964)	-	-
Others	6,784	274	(5,753)	1,305
	$ 89,160	$ 4,217	$ (5,753)	$ 87,624

(Concluded)

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31 2020	December 31 2019
Loss carryforwards	$ 495,515	$ 113,118
Deductible temporary differences	$ 13,895	$ -

e. Information about unused loss carryforwards

Unused Amount	Expiry Year
$ 112,925	2022
95,472	2023
20,070	2024
7,117	2026
23,861	2027
25,408	2028
55,263	2029
155,399	2030
$ 495,515	

f. Income tax assessments

The tax returns through 2018 have been assessed by the tax authorities; the Company provided its income tax to be assessed by the tax authorities.

The tax returns through 2018 have been assessed by the tax authorities; its subsidiaries in Taiwan provided their income tax to be assessed by the tax authorities.

24. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	**2019**
Profit for the period attributable to owners of the Company	$ 461,288	$ 288,345
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	-	2,759
Earnings used in the computation of diluted earnings per share	$ 461,288	$ 291,104

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares in computation of basic earnings per share*	183,426	173,631
Effect of potentially dilutive ordinary shares:		
Convertible bonds	-	15,711
Bonus to employees	1,683	1,389
Weighted average number of ordinary shares used in the computation of diluted earnings per share	185,109	190,731

* It is the weighted average number of ordinary shares of 179,784 thousand shares plus 3,642 thousand shares from conversion of convertible bonds in 2020. It is the weighted average number of ordinary shares of 172,916 thousand shares plus 715 thousand shares from conversion of convertible bonds in 2019.

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

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Alder Optomechanical Corp.	Selling and making lighting device	March 24, 2020	51.11	$ 157,583

Alder Optomechanical Corp. was acquired in order to meet the needs of the Groupðs industry strategy.

b. Assets acquired and liabilities assumed at the date of acquisition

	Alder Optomechanical Corp.
Current assets	
Cash	$ 52,189
Notes receivable, net	78
Trade receivables, net	44,546
Other receivables	58
Inventories	47,326
Other current assets	15,843
Non-current assets	
Property, plant and equipment	383,591
Intangible assets	79
Refundable deposits	160
Net defined benefit assets - non-current	712
Current liabilities	
Contract liabilities - non-current	(14,472)
Notes payable, net	(3,817)
Trade payables, net	(41,587)
Other payables	(16,251)
Other current liabilities	(4,565)
Non-current liabilities	
Long-term borrowings	(155,544)
	$ 308,346

c. Gain from bargain purchase recognized on acquisitions

	January 1 - March 31, 2020
Consideration transferred - cash	$ 70,000
Fair value of equity investments held by the Company	64,309
Less: Fair value of identifiable net assets acquired	(157,583)
Gain from bargain purchase recognized on acquisitions	$ (23,274)

The gain from bargain purchase was recognized in the acquisitions when the consideration transferred is less than the fair value of identifiable net assets acquired.

The Groupôs investment in Alder Optomechanical Corp. was remeasured to fair value and a gain on disposal of associate was recognized in the amount of $16,069 thousand.

d. Net cash outflow on the acquisition of subsidiaries

	Alder Optomechanical Corp.
Consideration paid in cash	$ (70,000)
Less: Cash and cash equivalent balances acquired	52,189
	$ (17,811)

e. Non-controlling interest

The non-controlling interest (51.11% ownership interest in Alder Optomechanical Corp.) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $308,346 thousand.

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Alder Optomechanical Corp.
Revenue	$ 139,971
Net loss for the year	$ (32,494)

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Alder Optomechanical Corp.
Revenue	$ 217,724
Net loss for the year	$ (83,922)

This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

In determining the pro-forma operating revenue and profit for the period had each subsidiary been acquired at the beginning of each respective annual reporting period, the Group has calculated the depreciation of property, plant and equipment and the amortization of intangible assets acquired on the basis of the fair values at the initial accounting for the business combination rather than the carrying amounts recognized in the respective pre-acquisition financial statements.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interest).

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

	December 31			
	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ -	$ -	$ 172,063	$ 198,795

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

- Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Listed shares and emerging market shares	$ 2,274	$ -	$ -	$ 2,274
Financial assets at FVTOCI				
Investments in liability instruments				
Trade receivables	$ 10,908	$ -	$ -	$ 10,908

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in liability instruments				
Trade receivables	$ 504,281	$ -	$ -	$ 504,281

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	December 31	
	2020	**2019**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 7,434,582	$ 5,243,350
Financial assets at fair value through profit or loss	2,274	-
<u>Financial liabilities</u>		
Amortized cost (2)	7,838,393	6,918,519

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables and other financial assets.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, trade payables, bonds payable, long-term borrowings, and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investment, trade receivables, trade payables, bonds payable, borrowings and short-term bills payable. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below) and interest rates (refer to (b) below).

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 31.

<u>Sensitivity analysis</u>

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 3% increase and decrease in the New Taiwan dollar (the functional currency) against the U.S. dollar. Sensitivity rate of 3% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthen 3% against the relevant currency. For a 3% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollars Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ 75,236	$ 42,236

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 25,005	$ 38,035
Financial liabilities	2,674,333	3,267,694
Cash flow interest rate risk		
Financial assets	1,348,731	424,799
Financial liabilities	1,757,079	1,694,757

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 20 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 20 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by $817 thousand and $2,540 thousand, respectively.

2) Credit risk

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

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Groupŝ credit risk was significantly reduced.

The Groupŝ credit risk was mainly concentrated in the two largest customers, which accounted for 32% and 29% of the total trade receivables as of December 31, 2020 and 2019, respectively.

Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The Group did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

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

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2020

Non-derivative financial liabilities	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing	$ 3,392,442	$ 135,062	$ 131,582	$ -
Lease liabilities	5,050	9,891	31,434	29,792
Variable interest rate liabilities	411	115,710	100,733	-
Fixed interest rate liabilities	2,077,778	1,311,852	595,770	189,959
	$ 5,475,681	$ 1,572,515	$ 859,519	$ 219,951

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	$ 46,375	$ 29,792

December 31, 2019

Non-derivative financial liabilities	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing	$ 1,763,592	$ 407,185	$ 59,740	$ -
Lease liabilities	5,993	11,902	43,948	45,859
Variable interest rate liabilities	1,729	191,196	2,731	-
Fixed interest rate liabilities	1,859,026	1,634,187	371,391	671,780
	$ 3,630,340	$ 2,244,470	$ 477,810	$ 717,639

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	$ 61,843	$ 45,859

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2020	2019
Secured borrowing		
Amount used	$ 1,798,054	$ 1,549,600
Amount unused	2,365,946	1,568,400
	$ 4,164,000	$ 3,118,000
Unsecured borrowing		
Amount used	$ 2,563,104	$ 3,589,646
Amount unused	2,822,577	2,128,040
	$ 5,385,681	$ 5,717,686

d. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2020 and 2019 were as follows:

Counterparties	Receivables Sold	Amounts Reclassified to Other Receivables (Note 9)	Amounts Not Yet Advanced	Advances Received at Year-end
2020				
Alltek Technology Corp.				
E.SUN Bank, DBS Bank, Cathay United Bank, KGI Bank, Taipei Fubon Bank, Taishin Bank and Bank SinoPac	US$ 118,779	US$ 11,793	US$ -	US$ 106,986
AllPlus Co., Ltd. (BVI)				
E.SUN Bank, Taipei Fubon Bank and DBS Bank, Bank SinoPac and KGI Bank	US$ 7,717	US$ 772	US$ -	US$ 6,945
Alltek Technology (H.K) Ltd.				
DBS Bank, Bank SinoPac and Taipei Fubon Bank	US$ 38,213	US$ 3,823	US$ -	US$ 34,390
2019				
Alltek Technology Corp.				
E.SUN Bank, DBS Bank, Cathay United Bank, O-Bank, KGI Bank, Taipei Fubon Bank, Taishin Bank and Bank SinoPac	US$ 177,823	US$ 17,880	US$ -	US$ 159,943
AllPlus Co., Ltd. (BVI)				
E.SUN Bank, Taipei Fubon Bank and DBS Bank	US$ 7,091	US$ 709	US$ -	US$ 6,382
Alltek Technology (H.K) Ltd.				
O-Bank, DBS Bank, Tashin Bank, Bank SinoPac, Taipei Fubon Bank	US$ 39,556	US$ 3,956	US$ -	US$ 35,600
Pantek Technology Corp.				
KGI Bank	NT$ 18,461	NT$ 1,856	NT$ -	NT$ 16,605

The above credit lines may be used on a revolving basis.

Pursuant to the Groupꞌs factoring agreements, losses from commercial disputes were borne by the Group, while losses from credit risk were borne by the banks.

As of December 31, 2020 and 2019, the interest rates on advances received were 0.62%-1.11% and 1.05%-3.20%, respectively.

As of December 31, 2020 and 2019, the credit line was US$267,723 thousand and US$370,200 thousand, respectively.

During 2020, according to the contract, if the trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing (refer to Notes 16 and 29).

As of December 31, 2020 and 2019, the carrying amount of the trade receivables that have been transferred but have not been derecognized amounted to $25,316 thousand and $0, respectively, and the carrying amount of the related liability was $22,784 thousand and $0, respectively.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship
Mu Tsung. Wang	Close relative of the Companyôs chairman
Hsu-huang development Co., Ltd.	Related party in substance
General Life Biotechnology Co., Ltd.	Associate
Alltek Technology (S) Pte. Ltd.	Associate
Alder Optomechanical Corp.	Associate (become subsidiary since March 2020, included in consolidated financial statements)

b. Sales

		For the Year Ended December 31	
Line Item	Related Parties Types	2020	2019
Sales	Associates		
	General Life Biotechnology Co., Ltd.	$ -	$ 69
	Alder Optomechanical Corp.	-	12
	Alltek Technology (S) Pte. Ltd.	5,497	14,477
		$ 5,497	$ 14,558

The selling price was made at cost plus a fixed profit for related parties.

There were no significant differences in collection terms between related parties and third parties.

c. Receivables from related parties

		For the Year Ended December 31	
Line Item	Related Parties Types	2020	2019
Receivables	Associates		
	Alltek Technology (S) Pte. Ltd.	$ 349	$ 8,757

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties

d. Payables to related parties

Related Party Name	December 31 2020	2019
Close relative of the Companyĝs chairman Mu Tsung. Wang	$ -	$ 53,964
Interest expense	$ 595	$ 1,902

The Group obtained loans from related parties at rates similar to market interest rates.

e. Other transactions with related parties

Related Parties Types	Transaction Type	For the Year Ended December 31 2020	2019
Related party in substance	Rental expense	$ 5,200	$ 5,200

The rent payments in rent agreement above are similar to market rent payments.

f. Compensation of key management personnel

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 41,974	$ 39,998
Post-employment benefits	958	1,695
	$ 42,932	$ 41,693

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and tariff guarantee:

	December 31 2020	2019
Trade receivables	$ 22,784	$ -
Other financial assets	667,197	106,423
Property and plant, net	604,168	277,518
	$ 1,294,149	$ 383,941

30. OTHER ITEMS

Since the outbreak of the COVID-19 pandemic, governments of various countries have successfully implemented epidemic prevention measures. The domestic epidemic situation has slowed down, policies have loosened, the Group is operating as usual with no impairment of assets, and the acquisition and repayment of funds are normal; therefore, the COVID-19 pandemic has no significant impact on the operations of the Group.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 169,471	28.48 (USD:NTD)	$ 4,826,534
JPY	133,998	0.276 (JPY:NTD)	37,021
EUR	444	35.02 (EUR:NTD)	15,556
			$ 4,879,111
Financial liabilities			
Monetary items			
USD	81,414	28.48 (USD:NTD)	$ 2,318,660
RMB	797	4.377 (RMB:NTD)	3,489
			$ 2,322,149

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 113,921	29.98 (USD:NTD)	$ 3,415,354
Financial liabilities			
Monetary items			
USD	66,961	29.98 (USD:NTD)	$ 2,007,479

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

	For the Year Ended December 31			
	2020		2019	
Foreign Currencies	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**
USD	29.549 (USD:NTD)	$ 20,960	30.912 (USD:NTD)	$ 57,287
USD	6.899 (USD:RMB)	9,611	6.897 (USD:RMB)	(1,306)
Others		(49)		822
		$ 30,522		$ 56,803

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 3)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 6)

11) Information on investees. (Table 7)

b. Information on investments in mainland China

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 9)

      a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

      b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

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

      d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

      e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

      f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Groupôs reportable segments under IFRS 8 ñOperating Segmentsò were as follows:

- Alltek Technology Corp.
- Alltek Technology (H.K.) Limited
- Pantek Technology Corp.
- Others

a. Segment revenues and results

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

	Segment Revenues		Segment Profit	
	2020	2019	2020	2019
Alltek Technology Corp.	$ 26,778,452	$ 28,396,588	$ 326,724	$ 393,943
Alltek Technology (H.K.) Limited	13,096,602	10,231,331	411,279	220,564
Pantek Technology Corp.	2,719,250	2,356,244	(93,808)	(61,192)
Others	279,228	141,572	(30,772)	13,742
Profits from continuing operations	42,813,532	41,125,735	613,423	567,057
Less: Inter-segment revenues or profits	(924,709)	(1,553,667)	(41,545)	(11,034)
Revenue profits from segment and external customers	$ 41,948,823	$ 39,572,068	571,878	556,023
Interest income			3,593	5,673
Other income			97,682	42,352
Other gains and losses			34,300	2,474
Finance cost			(127,562)	(238,110)
Shares of profits of associates accounted for using the equity method			(4,475)	6,372
Profit before income tax from continuing operations			$ 575,416	$ 374,784

Inter-segment revenues were accounted for according to market prices.

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

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2020	2019
Broadband communication component	$ 15,283,794	$ 17,655,621
Wireless communication component	13,358,480	12,267,427
Others	13,306,549	9,649,020
	$ 41,948,823	$ 39,572,068

c. Geographical information

The Group operates in Taiwan and China.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2020	2019	2020	2019
Taiwan	$ 16,660,000	$ 25,372,818	$ 686,826	$ 321,340
China	24,279,788	11,500,259	77,379	95,111
Others	1,009,035	2,698,991	-	-
	$ 41,948,823	$ 39,572,068	$ 764,205	$ 416,451

Non-current assets exclude non-current assets classified as investments accounted for using the equity method and deferred tax assets.

d. Single customers contributing 10% or more to the Groupǿs revenue were as follows:

	For the Year Ended December 31	
	2020	2019
Customer A (Note 1)	$ 4,875,655	$ 5,161,324
Customer B (Notes 1 and 2)	4,588,672	2,993,515
	$ 9,464,328	$ 8,154,839

Note 1: Revenue from electronic equipment.

Note 2: Revenue did not reach 10% of the total revenue of the Group in 2019.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 3)
													Item	Value		
0	Alltek Technology Corp.	Pantek Technology Corp.	Trade receivable from related parties	Yes	$ 270,000	$ 150,000	$ -	The highest loan rate borrowed from financial institution	b	$ -	Operating turnover	$ -	-	-	$ 319,086 (Note 3)	$ 1,595,428
1	Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Trade receivable from related parties	Yes	18,512	18,512	18,512	N/A	b	-	Operating turnover	-	-	-	75,878 (Note 3)	94,848
2	Alltek Technology (H.K.) Limited	Pantek Technology Corp.	Trade receivable from related parties	Yes	82,592	-	-	The highest loan rate borrowed from financial institution	b	-	Operating turnover	-	-	-	89,086 ((Note 3)	445,432

Note 1: a. 0: Investors.
b. 1: Investees.

Note 2: a. Business contract
b. Short-term accommodation of funds.

Note 3: a. No. 0: Alltek Technology Corp.

Financing limit for each borrower shall not exceed ten percent (10%) of the net worth as per latest financial report.
Financial limit shall not exceed fifty percent (50%) of the net worth as per latest financial report.

b. No. 1: Pantek Technology Corp.

Financing limit for each borrower shall not exceed forty percent (40%) of the net worth as per latest financial report.
Financial limit shall not exceed fifty percent (50%) of the net worth as per latest financial report.

c. No. 2: Alltek Technology (H.K.) Limited

Financing limit for each borrower shall not exceed ten percent (10%) of the net worth as per latest financial report.
Financial limit shall not exceed fifty percent (50%) of the net worth as per latest financial report.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Alltek Technology Corp.	Pantek Technology Corp.	Subsidiary	$ 7,977,138	$ 756,680	$ 756,680	$ 186,031	$ -	24	$ 9,572,565	Y	-	-
		All Plus Co., Ltd. (BVI)	Subsidiary	7,977,138	284,800	256,320	56,960	-	8	9,572,565	Y	-	-
		Alltek Technology (H.K.) Limited	Subsidiary	7,977,138	2,671,424	2,443,584	1,354,281	-	77	9,572,565	Y	-	-
1	Pantek Technology Corp.	Pantek Global Corp.	Subsidiary	1,178,196	31,328	31,328	14,411	-	5	1,472,745	Y	-	-

Note: Endorsement/guarantee given on direct/indirect voting rights over fifty percent (50%) subsidiaries shall not exceed two hundred fifty percent (250%) of the net worth as per latest financial report.
Endorsement/guarantee provided shall not exceed three hundred percent (300%) of the net worth as per latest financial report.

TABLE 3

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Foreign private company convertible finance bill							
Alltek Technology Corp.	icClarity, Inc.	N	At fair value through profit or loss	-	$ -	-	$ -	
	Stock							
Alltek Marine Electronics Corp.	International Games System Co., Ltd.	N	At fair value through profit or loss	3,000	2,274	-	2,274	-

TABLE 4

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Alltek Technology Corp.	Alltek Technology (H.K.) Limited	Subsidiary	Sales	$ 283,577	1	180 days	Cost plus a fixed profit	No significant difference	Trade receivable $ -	-	-
Alltek Technology (H.K.) Limited	All Plus Co., Ltd. (BVI)	Subsidiary of Alltek Technology Corp.	Sales	651,755	5	180 days	Cost plus a fixed profit	No significant difference	Trade receivable -	-	
	All Technology (Shenzhen) Ltd.	Subsidiary of Alltek Technology Corp.	Sales	200,799	2	180 days	Cost plus a fixed profit	No significant difference	Trade receivable 95,411	7	-
All Plus Co., Ltd. (BVI)	Alltek Technology (H.K.) Limited	Subsidiary of Alltek Technology Corp.	Sales	161,730	6	180 days	Cost plus a fixed profit	No significant difference	Trade receivable 21,985	5	
	YMY Co., Ltd.	Subsidiary of Alltek Technology Corp.	Sales	128,967	5	180 days	Cost plus a fixed profit	No significant difference	Trade receivable 53,097	13	-
Pantek Technology Corp.	Pantek Global Corp.	Subsidiary of Alltek Technology Corp.	Sales	1,981,087	62	180 days	Cost plus a fixed profit	No significant difference	Trade receivable 232,331	47	-

Note: The above transactions have been eliminated on consolidation.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Trade Receivables		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance		Amount	Actions Taken		
Pantek Technology Corp.	Pantek Global Corp.	Subsidiary of Alltek Technology Corp.	Trade receivable	$ 232,331	8.53	$ -	-	$ 232,331	$ -
All Plus Co., Ltd.	Alltek Technology (H.K.) Limited	Subsidiary of Alltek Technology Corp.	Other receivable	146,672	-	-	-	7,700	-

Note: The above transactions have been eliminated on consolidation.

TABLE 6

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	Alltek Technology Corp.	All Plus Co., Ltd.	a	Sales revenue	$ 60,144	No significant difference	-
		Alltek Technology (H.K.) Limited	a	Sales revenue	283,577	No significant difference	1
1	All Plus Co., Ltd.	Alltek Technology Corp.	b	Sales revenue	26,735	No significant difference	-
		Alltek Technology (H.K.) Limited	c	Sales revenue	161,730	No significant difference	-
		Alltek Technology (H.K.) Limited	c	Commission income	279,374	-	1
		Alltek Technology (H.K.) Limited	c	Trade receivable	21,985	No significant difference	-
		Alltek Technology (Shenzhen) Ltd.	c	Sales revenue	60,570	No significant difference	-
		Alltek Technology (Shenzhen) Ltd.	c	Trade receivable	39,339	No significant difference	-
		YMY Co., Ltd.	c	Sales revenue	128,967	No significant difference	-
		YMY Co., Ltd.	c	Trade receivable	53,097	No significant difference	-
		Alltek Technology (H.K.) Limited	c	Other receivable	146,672	-	1
2	Alltek Technology (H.K.) Limited	All Plus Co., Ltd.	c	Sales revenue	651,755	No significant difference	2
		Alltek Technology (Shenzhen) Ltd.	c	Sales revenue	200,799	No significant difference	-
		Alltek Technology (Shenzhen) Ltd.	c	Trade receivable	95,411	No significant difference	1
		Alltek Technology (Shenzhen) Ltd.	c	Commission cost	80,122	-	-
3	Pantek Technology Corp.	Pantek Global Corp.	c	Sales revenue	1,981,087	No significant difference	5
		Pantek Global Corp.	c	Trade receivable	232,331	No significant difference	2
4	Pantek Global Corp.	All Plus Co., Ltd.	c	Trade receivable	11,401	No significant difference	-
		Pantek Trade (Shenzhen) Co., Ltd.	c	Sales revenue	29,242	No significant difference	-
		Pantek Trade (Shenzhen) Co., Ltd.	c	Trade receivable	32,285	No significant difference	-
5	Alltek Technology (Shenzhen) Ltd.	YMY Co., Ltd.	c	Sales revenue	34,133	No significant difference	-

Note 1: Categories of transactions with related parties:

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Subsidiary to subsidiary.

Note 2: The above transactions have been eliminated on consolidation.

TABLE 7

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Alltek Technology Corp.	Pantek Technology Corp.	Taiwan	Selling and marketing of communication components	$ 588,132	$ 388,132	53,200	100	$ 589,188	$ 32,108	$ 32,108	Subsidiary
	Alltek Marine Electronics Corp.	Taiwan	Designing and manufacturing of high quality AIS products	171,622	171,622	10,429	53	125,419	12,191	6,539	Subsidiary
	General Life Biotechnology Co., Ltd.	Taiwan	BeneCheck develops and manufactures in-vitro diagnostic biosensors	70,072	70,072	6,923	23	95,837	24,063	5,553	Associate
	Alltek Technology (S) Pte. Ltd.	Singapore	Selling and marketing of communication components	3,570	3,570	200	40	-	-	-	Associate
	Alder Optomechanical	Taiwan	Selling and manufacturing lighting devices	101,200	31,200	8,872	51	141,290	(85,192)	(26,635)	Subsidiary (Note 3)
	Alltek Group Corp.	Seychelles	Investments	621,839	621,839	20,000	100	1,366,453	372,657	372,657	Subsidiary
Pantek Technology Corp.	Pantek Global Corp.	Seychelles	Selling and marketing of communication components	US$ 4,750 (135,280)	US$ 4,750 (142,405)	-	100	189,696	39,808	N/A	Subsidiary
Alltek Group Corp.	Alltek Technology (H.K.) Limited	Hong Kong	Selling and marketing of communication components	US$ 28,759	US$ 28,759	222,450	100	US$ 31,280	US$ 1,235	N/A	Subsidiary
	All Plus Co., Ltd. (BVI)	British Virgin Islands	Selling and marketing of communication components	US$ 251	US$ 251	50	100	US$ 16,008	US$ 10,598	N/A	Subsidiary
	All Pan Co., Ltd.	Seychelles	Investments	US$ 750	US$ 750	750	100	US$ 701	US$ 763	N/A	Subsidiary

Note 1: Subsidiaries became associates because of increased investment.

Note 2: The above transactions have been eliminated on consolidation.

Note 3: Alder Optomechanical Corp. became a subsidiary in March 2020. The related profit or loss from equity investment had been eliminated on consolidation.

TABLE 8

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
						Outward	Inward						
Alltek Technology Corp.	Alltek Technology (Shenzhen) Ltd.	Selling and marketing of communication components	RMB 13,270	(Note 1)	US$ 250 ($ 7,120)	$ -	$ -	US$ 250 ($ 7,120)	$ 829	100	$ 829	$ (28,587)	$ -
	YMY Co., Ltd.	Selling and marketing of communication components	US$ 750	(Note 1)	US$ 500 ($ 14,240)	-	-	US$ 500 ($ 14,240)	22,755	100	22,755	(19,934)	-
Pantek Technology Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	US$ 4,500	(Note 1)	US$ 3,000 ($ 85,440)	-	-	US$ 3,000 ($ 85,440)	38,309	100	41,332	(4,414)	-
Alltek Group Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	US$ 4,500	(Note 1)	US$ 1,500 ($ 42,720)	-	-	US$ 1,500 ($ 42,720)	38,309	-	(3,023)	-	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
Alltek Technology Corp.	US$ 750 ($ 21,360)	US$ 2,506 ($ 71,371)	$ 1,914,513
Pantek Technology Corp.	US$ 3,000 ($ 85,440)	US$ 3,000 ($ 85,440)	353,458
Alltek Group Corp.	US$ 1,500 ($ 42,720)	US$ 1,500 ($ 42,720)	820,035

Note 1: Indirect investment in mainland Chinaôs company through third region company partners.

Note 2: The total amount invested in mainland China shall not exceed sixty percent (60%) of the net worth of Alltek Technology Corp. partners.

Note 3: The above transactions have been eliminated on consolidation.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%	
YMY Co., Ltd.	Sales	$ 535	-	Cost plus a fixed profit	180 days after monthly closing	No significant differences	$ 144	-	$ -

Note: The above transactions have been eliminated on consolidation.

TABLE 10

ALLTEK TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yi Wen, Wu	11,937,100	6.30
Mu Tsung, Wang	10,230,000	5.40

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.