Stock Code:2324

COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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Representation Letter

The entities that are required to be included in the combined financial statements of COMPAL ELECTRONICS, INC. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements and is included in the consolidated financial statements. Consequently, COMPAL ELECTRONICS, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: COMPAL ELECTRONICS, INC.
Chairman: Sheng-Hsiung Hsu (Rock Hsu)
Date: March 26, 2021

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Independent Auditor’s Report

To COMPAL ELECTRONICS, INC.:

Opinion

We have audited the consolidated financial statements of COMPAL ELECTRONICS, INC. and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

1. Account receivable valuation

   Please refer to Note (4)(g) for the accounting policy of accounts receivable. Information of account receivable valuation are shown in Note (6)(e) of the consolidated financial statements.

Description of key audit matters:

The Group is subject to great influence of given the challenging industry climate and also devotes to develop new product lines and new customers, and the credit risks of these customers are higher than other world leading enterprises. Therefore, valuation of accounts receivable has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

In order to evaluate the reasonableness of the Group's estimations for bad debts, our key audit procedures included reviewing if the measurement of impairment loss of accounts receivable is accordance with accounting policy, examining the historical recovery records, analyzing the aging of accounts receivable, and the current credit status of customers, as well as inspecting the amount collected in the subsequent period.

2. Inventory valuation

Please refer to Note (4)(h) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note (6)(f) of the consolidated financial statements.

Description of key audit matters:

The inventory is measured at the lower of cost or net realizable value. The short life cycle of electronic products may cause significant changes in customers’ demand and sales of related products. Consequently, the book value of inventory may be lower than the net realizable value of inventory. Therefore, the valuation of inventory is one of the key audit matters.

Our key audit procedures performed in respect of the above area included the following:

In order to verify the rationality of assessment of inventory valuation estimated by the Group, our key audit procedures included reviewing the consistency of prior year and accounting policy, inspecting the Group's inventory aging reports, analyzing the change of inventory aging, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

Other Matter

Compal Electronics Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified 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 with the IFRSs, IASs, IFRC, SIC, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit committee) are responsible for overseeing the Group’s financial reporting process.

Auditor's 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 auditor's 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Yiu-Kwan Au.

KPMG

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 89,126,923	19.1	66,559,397	17.4
1110	Current financial assets at fair value through profit or loss (note (6)(b))	2,245,254	0.5	1,346,379	0.4
1135	Current financial assets for hedging (note (6)(d))	-	-	61	-
1170	Notes and accounts receivable, net (note (6)(e))	231,830,964	49.7	191,692,152	50.1
1180	Notes and accounts receivable due from related parties, net (notes (6)(e) and (7))	378,934	0.1	44,512	-
1200	Other receivables, net (notes (6)(e) and (7))	1,628,657	0.3	2,006,113	0.5
1310	Inventories (note (6)(f))	96,151,959	20.6	78,433,538	20.5
1470	Other current assets (note (8))	3,097,944	0.6	3,072,661	0.8
		424,460,635	90.9	343,154,813	89.7
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(g))	7,949,925	1.7	7,319,086	1.9
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	201,608	0.1	115,359	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	4,817,011	1.0	4,928,053	1.3
1600	Property, plant and equipment (notes (6)(k) and (8))	22,085,340	4.7	19,972,347	5.2
1755	Right-of-use assets (note (6)(l))	3,496,952	0.8	3,350,172	0.9
1780	Intangible assets	1,506,101	0.3	1,553,342	0.4
1840	Deferred tax assets (note (6)(s))	1,514,208	0.3	1,637,626	0.4
1990	Other non-current assets (note (8))	893,918	0.2	617,621	0.2
		42,465,063	9.1	39,493,606	10.3
	Total assets	$ 466,925,698	100.0	382,648,419	100.0

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(m))	$ 92,838,733	19.9	60,951,844	15.9
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	136,617	-	5,854	-
2125	Current financial liabilities for hedging (note (6)(d))	2,192	-	4,932	-
2130	Current contract liabilities (note (6)(w))	820,016	0.2	956,455	0.2
2170	Notes and accounts payable	196,837,439	42.2	142,940,869	37.4
2180	Notes and accounts payable to related parties (note (7))	2,888,624	0.6	1,504,908	0.4
2200	Other payables (note (7))	23,397,683	5.0	21,916,685	5.7
2230	Current tax liabilities	5,378,651	1.2	4,428,716	1.2
2250	Current provisions (note (6)(q))	870,050	0.2	830,757	0.2
2280	Current lease liabilities (note (6)(p))	377,161	0.1	717,021	0.1
2300	Other current liabilities	1,470,466	0.3	1,990,243	0.5
2365	Current refund liabilities	1,574,469	0.3	1,382,374	0.4
2322	Long-term borrowings, current portion (note (6)(n))	8,932,615	1.9	18,189,375	4.8
		335,524,716	71.9	255,820,033	66.8
	Non-Current liabilities:				
2530	Bonds payable (note (6)(o))	980,219	0.2	966,492	0.3
2540	Long-term borrowings (note (6)(n))	10,401,738	2.2	7,559,063	2.0
2570	Deferred tax liabilities (note (6)(s))	992,470	0.2	1,009,218	0.3
2580	Non-current lease liabilities (note (6)(p))	1,910,601	0.4	1,550,067	0.4
2640	Non-current net defined benefit liability (note (6)(r))	786,173	0.2	738,164	0.2
2670	Non-current liabilities, others (note (6)(g))	340,131	0.1	246,038	-
		15,411,332	3.3	12,069,042	3.2
	Total liabilities	350,936,048	75.2	267,889,075	70.0
	Equity:				
	Equity attributable to owners of parent (note (6)(t)):				
3110	Ordinary share	44,071,466	9.4	44,071,466	11.5
3200	Capital surplus	8,342,813	1.8	9,159,259	2.4
3300	Retained earnings	62,566,181	13.4	57,726,604	15.1
3400	Other equity interest	(7,266,708)	(1.6)	(4,103,449)	(1.1)
3500	Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)
		106,832,505	22.8	105,972,633	27.7
36XX	**Non-controlling interests**	9,157,145	2.0	8,786,711	2.3
	Total equity	115,989,650	24.8	114,759,344	30.0
	Total liabilities and equity	$ 466,925,698	100.0	382,648,419	100.0

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2020		2019	
		Amount	%	Amount	%
4000	**Net sales revenue (notes (6)(w) and (7))**	$ 1,048,929,251	100.0	980,442,346	100.0
5000	**Cost of sales (notes (6)(f),(6)(r), (7) and (12))**	1,013,470,729	96.6	946,533,518	96.5
	Gross profit	35,458,522	3.4	33,908,828	3.5
	Operating expenses: (notes (6)(r) and (12))				
6100	Selling expenses	4,604,361	0.4	4,961,131	0.5
6200	Administrative expenses	4,198,621	0.4	4,204,536	0.4
6300	Research and development expenses	15,162,995	1.5	14,156,793	1.5
		23,965,977	2.3	23,322,460	2.4
	Net operating income	11,492,545	1.1	10,586,368	1.1
	Non-operating income and expenses:				
7100	Interest income (note (6)(y))	1,636,257	0.2	1,664,803	0.2
7020	Other gains and losses, net (notes (6)(d), (6)(g), (6)(y) and (6)(aa))	261,043	-	(166,133)	-
7050	Finance costs (notes (6)(m) and (6)(n))	(1,149,215)	(0.1)	(2,725,564)	(0.3)
7190	Other income (note (6)(y))	493,920	0.1	486,554	-
7590	Miscellaneous disbursements	(47,491)	-	(35,160)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(g))	435,657	-	197,008	-
	Total non-operating income and expenses	1,630,171	0.2	(578,492)	(0.1)
7900	**Profit from continuing operations before tax**	13,122,716	1.3	10,007,876	1.0
7950	**Less: Income tax expenses (note (6)(s))**	2,713,204	0.3	2,112,157	0.2
	Profit	10,409,512	1.0	7,895,719	0.8
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(65,862)	-	(40,786)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(78,590)	-	407,276	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(54,128)	-	109,246	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(s))	2,632	-	35,847	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(201,212)	-	439,889	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(3,323,038)	(0.3)	(1,711,990)	(0.2)
8368	Gains (losses) on hedging instrument (note (6)(z))	2,679	-	(4,871)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	161,498	-	(268,686)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(s))	(18,727)	-	(10,678)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(3,140,134)	(0.3)	(1,974,869)	(0.2)
8300	**Other comprehensive income**	(3,341,346)	(0.3)	(1,534,980)	(0.2)
8500	**Total comprehensive income**	$ 7,068,166	0.7	6,360,739	0.6
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	$ 9,361,893	0.9	6,955,899	0.7
8620	Profit, attributable to non-controlling interests	1,047,619	0.1	939,820	0.1
		$ 10,409,512	1.0	7,895,719	0.8
	Comprehensive income attributable to:				
8710	Comprehensive income (loss), attributable to owners of parent	$ 6,083,542	0.6	5,456,508	0.5
8720	Comprehensive income (loss), attributable to non-controlling interests	984,624	0.1	904,231	0.1
		$ 7,068,166	0.7	6,360,739	0.6
	Earnings per share (note 6(v))				
9750	**Basic earnings per share**	$	2.15		1.60
9850	**Diluted earnings per share**	$	2.12		1.58

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
			Retained earnings				Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 44,071,466	9,932,434	18,827,814	8,831,148	32,401,419	60,060,381	(1,852,952)	(5,606,436)	-	(7,459,388)	(881,247)	105,723,646	7,438,202	113,161,848
Profit for the year ended December 31, 2019	-	-	-	-	6,955,899	6,955,899	-	-	-	-	-	6,955,899	939,820	7,895,719
Other comprehensive income	-	-	-	-	(30,420)	(30,420)	(1,942,028)	474,763	(1,706)	(1,468,971)	-	(1,499,391)	(35,589)	(1,534,980)
Total comprehensive income	-	-	-	-	6,925,479	6,925,479	(1,942,028)	474,763	(1,706)	(1,468,971)	-	5,456,508	904,231	6,360,739
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	891,336	-	(891,336)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(1,363,317)	1,363,317	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	43,473	-	-	-	-	-	-	-	-	-	43,473	-	43,473
Changes in equity of associates and joint ventures accounted for using equity method	-	4,760	-	-	(27,199)	(27,199)	-	-	-	-	-	(22,439)	-	(22,439)
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(4,824,910)	(4,824,910)	-	4,824,910	-	4,824,910	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	444,278	444,278
Balance at December 31, 2019	44,071,466	9,159,259	19,719,150	7,467,831	30,539,623	57,726,604	(3,794,980)	(306,763)	(1,706)	(4,103,449)	(881,247)	105,972,633	8,786,711	114,759,344
Profit for the year ended December 31, 2020	-	-	-	-	9,361,893	9,361,893	-	-	-	-	-	9,361,893	1,047,619	10,409,512
Other comprehensive income	-	-	-	-	(48,219)	(48,219)	(3,093,997)	(137,062)	927	(3,230,132)	-	(3,278,351)	(62,995)	(3,341,346)
Total comprehensive income	-	-	-	-	9,313,674	9,313,674	(3,093,997)	(137,062)	927	(3,230,132)	-	6,083,542	984,624	7,068,166
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	695,590	-	(695,590)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(3,366,088)	3,366,088	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	1,735	-	-	(33,051)	(33,051)	-	33,051	-	33,051	-	1,735	-	1,735
Changes in equity of associates and joint ventures accounted for using equity method	-	2,228	-	-	(9,055)	(9,055)	-	8,978	-	8,978	-	2,151	-	2,151
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Others	-	999	-	-	-	-	-	-	-	-	-	999	-	999
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(24,844)	(24,844)	-	24,844	-	24,844	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(614,190)	(614,190)
Balance at December 31, 2020	$ 44,071,466	8,342,813	20,414,740	4,101,743	38,049,698	62,566,181	(6,888,977)	(376,952)	(779)	(7,266,708)	(881,247)	106,832,505	9,157,145	115,989,650

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 13,122,716	10,007,876
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	6,192,985	6,419,421
Increase (decrease) in expected credit loss	(17,314)	(10,355)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(9,575)	(24,217)
Finance cost	1,149,215	2,725,564
Interest income	(1,636,257)	(1,664,803)
Dividend income	(108,996)	(127,349)
Compensation cost of share-based payments	72,507	125,281
Share of loss (profit) of associates and joint ventures accounted for using equity method	(435,657)	(197,008)
Gain on disposal of property, plant and equipment	(25,499)	(40,245)
Gain on disposal of investments	(29,757)	(66,837)
Others	-	16,668
Total adjustments to reconcile profit (loss)	5,151,652	7,156,120
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(898,874)	2,630,896
Decrease (increase) in notes and accounts receivable	(40,455,446)	12,043,387
Decrease (increase) in other receivables	521,393	(571,592)
Decrease (increase) in inventories	(17,718,421)	715,384
Decrease (increase) in other current assets	(25,283)	(174,770)
Decrease (increase) in other non-current assets	16,537	(66,117)
Total changes in operating assets	(58,560,094)	14,577,188
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	130,763	(21,059)
Increase (decrease) in notes and accounts payable	55,280,286	(9,831,480)
Increase (decrease) in other payables	666,404	2,735,002
Increase (decrease) in refund liabilities	192,095	(197,458)
Increase (decrease) in provisions	39,293	403,776
Increase (decrease) in contract liabilities	(136,439)	(519,849)
Increase (decrease) in other current liabilities	(519,777)	(991,160)
Others	60,122	6,789
Total changes in operating liabilities	55,712,747	(8,415,439)
Total changes in operating assets and liabilities	(2,847,347)	6,161,749
Total adjustments	2,304,305	13,317,869
Cash inflow generated from operations	15,427,021	23,325,745
Interest received	1,490,940	1,898,096
Dividends received	230,451	266,110
Interest paid	(1,214,506)	(3,112,013)
Income taxes paid	(1,672,465)	(1,456,869)
Net cash flows from (used in) operating activities	14,261,441	20,921,069
Cash flows from (used in) investing activities:		
Redemption from financial assets at amortized cost	-	350,000
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(106,044)	(264,261)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	52,105	1,511,226
Acquisition of investments accounted for using equity method	(215,076)	(43,200)
Proceeds from disposal of investments accounted for using equity method	38,952	18,033
Net cash flow from disposal of subsidiaries	-	143,495
Proceeds from capital reduction of investments	6,933	10,120
Acquisition of property, plant and equipment	(6,878,804)	(5,850,532)
Proceeds from disposal of property, plant and equipment	174,054	168,226
Acquisition of intangible assets	(480,424)	(498,402)
Acquisition of right-of-use assets	(317,808)	(281,637)
Others	(186,317)	110,944
Net cash flows from (used in) investing activities	(7,912,429)	(4,625,988)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	31,886,889	(11,398,353)
Proceeds from issuing bonds	-	1,007,240
Proceeds from long-term borrowings	61,553,700	66,462,300
Repayments of long-term borrowings	(67,967,785)	(69,247,925)
Payment of lease liabilities	(846,836)	(832,815)
Cash dividends paid	(5,228,555)	(5,228,555)
Change in non-controlling interests	(688,469)	258,360
Others	92,634	(34,005)
Net cash flows from (used in) financing activities	18,801,578	(19,013,753)
Effect of exchange rate changes on cash and cash equivalents	(2,583,064)	(1,018,476)
Net increase (decrease) in cash and cash equivalents	22,567,526	(3,737,148)
Cash and cash equivalents at beginning of period	66,559,397	70,296,545
Cash and cash equivalents at end of period	**$ 89,126,923**	**66,559,397**

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Compal Electronics, Inc. (“the Company”) was incorporated in June 1984 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No.581 and No.581-1 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged its subsidiary, Compal Communications, Inc. (“CCI”) (the “Merger”), pursuant to the resolutions of the Board of Directors in November 2013. The Company was the surviving company and CCI was the dissolved company. The effective date of the Merger was February 27, 2014. The Company and its subsidiaries (together referred to as the “Group” and individually as the (“Group entities”) primarily are involved in the manufacture and sale of notebook personal computers (“notebook PCs”), monitors, LCD TVs, mobile phones and various components and peripherals.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on March 26, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

● Amendments to IFRS 3 “Definition of a Business”

● Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”

● Amendments to IAS 1 and IAS 8 “Definition of Material”

● Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

● Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”

● Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform －Phase 2”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations), the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as the IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the statement of financial position, the consolidated financial statements have been prepared on the historical cost basis:

1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss are measured at fair value;

2) Financial instruments measured at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value;

4) The defined benefit liability (or asset) is recognized as plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in note (4)(r).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group’s share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as 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), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Description
The Company	Panpal Technology Corp. (“Panpal”)	Investment	100%	100%	Panpal held 31,648 thousand shares of the Company as of December 31, 2020, which represented 0.7% of the Company’s outstanding shares.
〃	Gempal Technology Corp. (“Gempal”)	〃	100%	100%	Gempal held 18,369 thousand shares of the Company as of December 31, 2020, which represented 0.4% of the Company’s outstanding shares.
〃	Hong Ji Capital Co., Ltd. (“Hong Ji”)	〃	100%	100%	
〃	Hong Jin Investment Co., Ltd. (“Hong Jin”)	〃	100%	100%	
The Company, Panpal, et al.	Accesstek, Inc. (“ATK”)	Design, manufacturing and sales of optical disk drives and components	-	38%	The Group had control over ATK. The liquidation procedures had been completed in February 2020.
〃	Arcadyan Technology Corp. (“Arcadyan”)	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	35%	35%	The Group had the ability to control Arcadyan.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Description
The Company	Rayonnant Technology Co., Ltd. (“Rayonnant Technology”)	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	
〃	HengHao Technology Co., Ltd. (“HengHao”)	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	
〃	Ripal Optoelectronics Co., Ltd. (“Ripal”)	Manufacturing of electric appliance and audiovisual electric products	100%	100%	
〃	Mactech Co., Ltd (“Mactech”)	Manufacturing of equipment and lighting, retailing of equipment and international trading	53%	53%	
〃	General Life Biotechnology Co., Ltd. (“GLB”)	Manufacturing and sales of medical equipment	50%	50%	
〃	Unicore BioMedical Co., Ltd. (“Unicore”)	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	100%	
〃	Hippo Screen Neurotech Co., Ltd. (“Hippo Screen”)	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	70%	70%	
〃	Shennona Taiwan Co., Ltd. (“Shennona TW”)	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	100%	100%	
〃	Aco Smartcare Co., Ltd. (“Aco Smartcare”)	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	52%	52%	
〃	Shennona Corporation (“Shennona”)	Medical care IOT business	100%	100%	
〃	Auscom Engineering Inc. (“Auscom”)	R&D of notebook PC related products and components	100%	100%	
〃	Just International Ltd. (“Just”)	Investment	100%	100%	
〃	Compal International Holding Co., Ltd. (“CIH”)	〃	100%	100%	
〃	Compal Electronics (Holding) Ltd. (“CEH”)	〃	100%	100%	
〃	Bizcom Electronics, Inc. (“Bizcom”)	Warranty services and marketing of monitors and notebook PCs	100%	100%	
〃	Flight Global Holding Inc. (“FGH”)	Investment	100%	100%	
The Company and BSH	High Shine Industrial Corp. (“HSI”)	〃	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. (“CEP”)	Maintenance and warranty services of notebook PCs	100%	100%	
〃	Big Chance International Co., Ltd. (“BCI”)	Investment	100%	100%	
〃	Compal Rayonnant Holdings Limited (“CRH”)	〃	100%	100%	
〃	Core Profit Holdings Limited (“CORE”)	〃	100%	100%	
〃	Compalead Electronics B.V. (“CPE”)	〃	100%	100%	
〃	CGS Technology (Poland) Sp. z o.o. (CGSP)	Maintenance and warranty services of notebook PCs	100%	-	CGSP was established in September 2020.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Description
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. (“CEB”)	Manufacturing of notebook PCs	100%	100%	
〃	Compal Electronics India Private Limited (“CEIN”)	Manufacturing and warranty service of mobile phones	100%	100%	
Panpal and CEB	Compal Electronica DA Amazonia Ltda (“CEA”)	Manufacturing of notebook PCs	100%	-	CEA was established in September 2020.
Just	Compal Display Holding (HK) Limited (“CDH (HK)”)	Investment	100%	100%	
〃	Compal Electronics International Ltd. (“CII”)	〃	100%	100%	
〃	Compal International Ltd. (“CPI”)	〃	100%	100%	
CDH (HK)	Compal Electronics (China) Co., Ltd. (“CPC”)	Manufacturing and sales of monitors	100%	100%	
〃	Compal Optoelectronics (Kunshan) Co., Ltd. (“CPO”)	Manufacturing and sales of LCD TVs	100%	100%	
〃	Compal System Trading (Kunshan) Co., Ltd. (“CST”)	International trade and distribution of computers and electronic components	100%	100%	
CPC	Compal Smart Device (Chongqing) Co., Ltd. (“CSD”)	Research, manufacturing and sales of communication devices, mobile phones, electronic computer, smart watch, and providing related technical service	100%	100%	
CII	Smart International Trading Ltd. (“Smart”)	Investment	100%	100%	
〃	Amexcom Electronics Inc. (“AEI”)	Sales and maintenance of LCD TVs	100%	100%	
〃	Mexcom Electronics, LLC (“MEL”)	Investment	100%	100%	
〃	Mexcom Technologies, LLC (“MTL”)	〃	100%	100%	
CIH	Compal International Holding (HK) Limited (“CIH (HK)”)	Investment	100%	100%	
〃	Jenpal International Ltd. (“Jenpal”)	〃	100%	100%	
〃	Prospect Fortune Group Ltd. (“PFG”)	〃	100%	100%	
〃	Fortune Way Technology Corp. (“FWT”)	〃	100%	100%	
CIH (HK)	Compal Electronics Technology (Kunshan) Co., Ltd. (“CET”)	Manufacturing of notebook PCs	100%	100%	
〃	Compal Information (Kunshan) Co., Ltd. (“CIC”)	〃	100%	100%	
〃	Compal Information Technology (Kunshan) Co., Ltd. (“CIT”)	〃	100%	100%	
〃	Kunshan Botai Electronics Co., Ltd. (“BT”)	〃	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Description
CIH (HK)	Compal Information Research and Development (Nanjing) Co., Ltd. (“CIN”)	Software and hardware R&D of computers, mobile phones and electronic components	-	-	The liquidation procedures had been completed in September 2019.
〃	Compal Digital Technology (Kunshan) Co., Ltd. (“CDT”)	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	
BT	Compower Global Service Co., Ltd. (“CGS”)	Maintenance and warranty service of notebook PCs	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiansu) Co., Ltd. (“CIJ”)	Investment	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	Manufacturing and sales of LCD TVs	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. (“Etrade”)	Investment	100%	100%	
The Company	Webtek Technology Co., Ltd. (“Webtek”)	〃	100%	100%	
〃	Forever Young Technology Inc. (“Forever”)	〃	100%	100%	
〃	UniCom Global, Inc. (“UCGI”)	Manufacturing and sales of computers and electronic components	100%	100%	
〃	Palcom International Corporation (“Palcom”)	Sales of mobile phones	100%	100%	
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”)	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”)	〃	100%	100%	
〃	Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”)	〃	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”)	R&D and manufacturing of electronic communication equipment	100%	100%	
〃	Giant Rank Trading Ltd. (“GIA”)	Sales of mobile phones	100%	100%	
〃	Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	-	CWV was established in August 2020.
ATK	OptoRite Inc.	Sales of optical disc drives	-	100%	
〃	MSI-ATK Otpics Holding Corporation (“MSI-ATK”)	Investment	-	100%	
〃	Maitek (BVI) Corporation (“Maitek”)	〃	-	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Description
Arcadyan	Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	Sales of wireless network products	100%	100%	
〃	Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	Technical support and sales of wireless network products	100%	100%	
〃	Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	Sales of wireless network products	100%	100%	
〃	Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	Investment	100%	100%	
〃	Arcadyan Technology Limited (“Arcadyan UK”)	Technical support of wireless network products	100%	100%	
〃	Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	Sales of wireless network products	100%	100%	
〃	Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	Sales of wireless network products	100%	-	Arcadyan RU was established in June 2020.
Arcadyan and Zhi-Bao	Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	Sales of wireless network products	100%	100%	
Arcadyan	Zhi-Bao Technology Inc. (“Zhi-Bao”)	Investment	100%	100%	
〃	Tatung Technology Inc. (“TTI”)	R&D and sales of household digital electronic products	61%	61%	
〃	AcBel Telecom Inc. (“AcBel Telecom”)	Investment	51%	51%	
The Company, Arcadyan, and its subsidiaries	Compal Broadband Network Inc. (“CBN”)	R&D and sales of cable modem, digital set-up box, and other communication products	64%	64%	
CBN	Speedlink Tradings Limited (“Speedlink”)	Import and export business	-	-	The shares were recovered in November 2019. In the first quarter of 2020, the liquidation procedures had been completed.
〃	Compal Broadband Networks Belgium BVBA (“CBNB”)	Import and export business, technical support and consulting service of broadband networks	100%	100%	
〃	Compal Broadband Networks Netherlands B.V. (“CBNN”)	〃	100%	100%	
Arcadyan Holding	Sinoprime Global Inc. (“Sinoprime”)	Investment	100%	100%	
〃	Arcadyan Technology (Shanghai) Corp. (“SVA Arcadyan”)	R&D and sales of wireless network products	100%	100%	
〃	Arch Holding (BVI) Corp. (“Arch Holding”)	Investment	100%	100%	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. (“CNC”)	Manufacturing of wireless network products	100%	100%	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	Manufacturing of wireless network products	100%	100%	
AcBel Telecom	Leading Images Ltd. (“Leading Images”)	Investment	-	100%	The liquidation procedures had been completed on December 7, 2020.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Description
Leading Images	Astoria Networks GmbH (“Astoria GmbH”)	Sales of wireless network products	-	100%	The liquidation procedures had been completed on October 14, 2020.
TTI	Quest International Group Co., Ltd. (“Quest”)	Investment	100%	100%	
〃	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Sales of household digital electronic products	100%	100%	
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment	100%	100%	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	Manufacturing of household digital electronic products	100%	100%	
HSI	Intelligent Universal Enterprise Ltd. (“IUE”)	Investment	100%	100%	
〃	Goal Reach Enterprises Ltd. (“Goal”)	〃	100%	100%	
IUE	Compal (Vietnam) Co., Ltd. (“CVC”)	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	100%	100%	
Goal	Compal Development & Management (“Vietnam”) Co., Ltd. (“CDM”)	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	
Rayonnant Technology and CRH	Allied Power Holding Corp. (“APH”)	Investment	100%	100%	
APH	Primetek Enterprises Limited (“PEL”)	〃	100%	100%	
〃	Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	〃	100%	100%	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. (“HHA”)	Investment	100%	100%	
HHA	HengHao Holdings B Co., Ltd. (“HHB”)	〃	100%	100%	
HHB	HengHao Trading Co., Ltd.	Marketing and international trade	-	100%	The liquidation procedures had been completed on December 2020
〃	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	100%	100%	
〃	Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of touch panels and LCD TVs	100%	100%	
BCI	Center Mind International Co., Ltd. (“CMI”)	Investment	100%	100%	
〃	Prisco International Co., Ltd. (“PRI”)	〃	100%	100%	
CMI	Compal Investment (Sichuan) Co., Ltd. (“CIS”)	Outward investment and consulting services	100%	100%	
PRI	Compal Electronics (Chongqing) Co., Ltd. (“CEQ”)	R&D, manufacturing and sales of notebook PCs, related components, related maintenance and warranty services	100%	100%	

(Continued)

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Description
CIS	Compal Electronics (Chengdu) Co., Ltd. (“CEC”)	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	100%	100%	
〃	Compal Management (Chengdu) Co., Ltd. (“CMC”)	Corporate management consulting, training and education, business information consulting, financial and tax consulting, investment consulting, and investment management services	100%	100%	
CORE	Billion Sea Holdings Limited (“BSH”)	Investment	100%	100%	
BSH	Mithera Capital Io LP (“Mithera”)	〃	99%	99%	
GLB	Rapha Bio Ltd. (“RBL”)	Detector and feature	100%	100%	
Unicore	Raycore Biotech Co., Ltd. (“Raycore”)	Animal medication retail and wholesale	51%	51%	

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

1) fair value through other comprehensive income financial assets;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group entities' functional currency at exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group entities' functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve 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 impact its classification.

(Continued)

(f) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(g) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (“FVOCI”)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally on the date the shareholders' meeting approved the earning distribution.

3) Fair value through profit or loss ("FVTPL")

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit and other financial assets), debt investments measured at FVOCI, and accounts receivable measured at FVOCI.

(Continued)

The Group measures loss allowances at an amount equal to lifetime expected credit loss (“ECL”), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Interest and loss or gain related to financial liabilities are recognized as profit or loss and are reported under non-operating income and expenses. Financial liabilities are reclassified as equity when converted, and conversions do not generate profit or loss.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income or expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, notes and accounts payable and other payable, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than significant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expenses.

(Continued)

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the non-financial asset's host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

The Group designates its hedging instruments, including derivatives, embedded derivatives, and non-derivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

The Group shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

(Continued)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in “other equity－gains (losses) on hedging instruments”. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, and is presented in the line item of non-operating income and expenses in the statement of comprehensive income.

The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of the forward exchange contracts is separately accounted for as a cost of hedging and accumulated in a separate component within equity.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or in the periods during which the hedged item affects the profit or loss, and is presented in the same accounting item with the hedged item recognized in the consolidated statement of comprehensive income. However, for a cash flow hedge of a forecast transaction recognized as a nonfinancial asset or liability, the amount accumulated in “other equity－gains (losses) on hedging instruments in cash flow hedging securities” and retained in other comprehensive income is reclassified as the initial cost of the nonfinancial asset or liability. In addition, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in future periods, it shall immediately reclassify the amount in profit or loss.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedge reserve (and costs of hedging) remains in equity until the hedged future cash flows are no longer expected to occur. Otherwise, that amount would be adjusted within the carrying amount of the non-financial item. For other cash flow hedges, the amount is reclassified to profit or loss in the same period or in the periods as the hedged expected future cash flows affect the profit or loss. However, if the hedged future cash flows are no longer expected to occur, the amount shall immediately be reclassified from cash flow reserve (and the cost of hedging reserve) to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or transition costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(Continued)

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or join control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Group from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the changes in ownership interests of its associate in capital surplus in proportion to its ownership.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Group shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus, however, when the balance of the capital surplus arising from the investment was insufficient, the difference charged or credited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. A joint venture shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless, the entity is exempted from applying the equity method as specified in that Standard.

When assessing the classification of a joint arrangement, the Group shall consider the structure and legal form of the arrangement, the terms in the contractual arrangement and other facts and circumstances. The Group had previously reviewed the contractual structure of the joint arrangement, and has now decided to reclassify the investments in "Jointly Controlled Entities" to "Joint Ventures". Although the investments have been reclassified, they are still recorded under the equity method. Thus, there is no effect in the recognized assets, liabilities and other comprehensive income.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 7~50 years

2) Building improvement: 2~20 years

3) Machinery and equipment: 1~14 years

4) Research equipment: 3~10 years

5) Mold equipment: 0.5~5 years

6) Other equipment: 1~10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

   - the Group has the right to operate the asset and the providers do not have the right to vary; or

   - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payment;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(m) Intangible assets

(i) Goodwill

1) Initial recognition

Goodwill arising from acquisition of subsidiaries is included in intangible assets. The measurement of initial recognition of goodwill, please refer to note (4)(u).

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Goodwill related to an investment accounted for using equity method is included in the carrying amount of the investment, and not allocated to any asset, including goodwill, forms part of the carrying amount of the investment accounted for using the equity method.

(ii) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

2) Its intention to complete the intangible asset and use or sell it.

3) Its ability to use or sell the intangible asset.

4) How the intangible asset will generate probable future economic benefits.

5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized expenditure arising from the development phase is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

1) Patents: the shorter of contract period and estimated useful lives

2) Royalty: amortized by contract period

3) Computer software: 1~7 years

4) Copyright: 10 years

The residual value, the amortization period, and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(n) Impairment of non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets, assets arising from employee benefits are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

The Group assesses goodwill and intangible assets, which have indefinite useful lives and are not available for use, on an annual basis and recognizes an impairment loss on excess of carrying value over the recoverable amount.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(q) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

i) Sale of goods

The Group manufactures and sells electronic products to electronic products brand vendor. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group assesses sales discounts based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year. A refund liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic products are made with a credit term which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(iii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(Continued)

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(t) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

The surtax on unappropriated earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(u) Business combination

Goodwill is measured as an aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date) and as an amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter.

All the transaction costs incurred for the business combination are recognized immediately as the Group's expenses when incurred, except for the issuance of debt or equity instruments.

If the business combination is achieved in stages, the Group shall measure any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other non-controlling interest is measured (1) at fair value at the acquisition date or (2) by using other valuation techniques acceptable under the IFRS as endorsed by the FSC.

(Continued)

In a business combination achieved in stages, the Group shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(v) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Group. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Group divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee compensation not yet approved by the Board of Directors.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

(Continued)

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic.

(a) Recognition and measurement of refund liabilities

Because of the sales returns and allowances, the Group records a refund liabilities (sales returns and allowance provisions) for estimated returns and other allowances in the same period the related revenue is recorded. The estimate is made based on historical experience, market and economic conditions, and any other known factors using the expected value or the most likely amount and it could be different from actual sales returns and allowances, therefore, the management periodically reviews the adequacy of the estimation used.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial changes, there may be significant differences in the net realizable value of inventories. Refer to note (6)(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 18,637	19,217
Checking accounts and demand deposits	19,537,842	10,455,819
Time deposits	69,560,444	56,034,361
Bonds purchased under resale agreements	10,000	50,000
	$ 89,126,923	**66,559,397**

Please refer to note (6)(aa) for the disclosure of the exchange rate risk, the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Structured deposits	$ 2,234,184	1,330,458
Stock unlisted in domestic markets	100,190	24,350
Fund in domestic or foreign markets	101,419	91,009
Derivative instruments not used for hedging		
Foreign exchange contracts	-	466
Swap contracts	11,069	15,455
Total	$ 2,446,862	1,461,738
Current	$ 2,245,254	1,346,379
Non-current	201,608	115,359
	$ 2,446,862	1,461,738

	December 31, 2020	December 31, 2019
Financial liabilities held-for-trading:		
Derivative instruments not used for hedging		
Foreign exchange contracts	$ 130,865	5,854
Swap contracts	5,752	-
	$ 136,617	5,854

The Group uses derivative instruments to hedge foreign currency risk the Group is exposed to arising from its operating activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities :

	December 31, 2020		
	Contract amount (in thousand)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Swap contracts:			
Currency swap	USD 37,000	USD to TWD	January 13~February 26, 2021

	December 31, 2020			
	Contract amount (in thousand)		**Currency**	**Maturity date**
Derivative financial liabilities:				
Foreign exchange contracts:				
Forward exchange sold	EUR	49,000	EUR to USD	January 13~April 14, 2021
Forward exchange purchased	USD	122,300	USD to BRL	January 7~August 26, 2021
Swap contracts:				
Currency swap	USD	45,500	USD to TWD	March 12~April 29, 2021

	December 31, 2019			
	Contract amount (in thousand)		**Currency**	**Maturity date**
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange purchased	USD	84,500	USD to BRL	January 14~May 26, 2020
Swap contracts:				
Currency Swap	USD	55,000	USD to TWD	January 13~March 30, 2020
Derivative financial liabilities:				
Foreign exchange contracts:				
Forward exchange sold	EUR	21,000	EUR to USD	January 10~March 13, 2020
Forward exchange purchased	USD	1,000	USD to BRL	September 23, 2020

For the market risk related to the financial instruments, please refer to note (6)(aa).

As of December 31, 2020 and 2019, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

	December 31, 2020	**December 31, 2019**
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	$ 1,972,849	2,055,890
Stock listed in foreign markets	491,243	448,110
Stock unlisted in domestic markets	2,152,542	2,246,932
Stock unlisted in foreign markets	200,377	177,121
Total	$ 4,817,011	4,928,053

(Continued)

The purpose that the Group invests in the above-mentioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, these equity securities are designated as at FVOCI.

For the year ended December 31, 2020, the Group had sold all of its shares, measured at fair value through other comprehensive income, in Global BioPharma, Inc. and Taiwan Sanga Co., Ltd. The fair value of the shares upon disposal amounted to $52,105, resulting in a cumulative loss of $57,895, which was reclassified from other comprehensive income to retained earnings.

For the year ended December 31, 2019, the Group had sold all of its shares in PrimeSensor Technology Inc. and Macroblock Inc., and Innolux Corporation ("Innolux"), which were measured at fair value through other comprehensive income. The fair value of the shares was $845,202 when disposed and the cumulative losses amounted to $4,824,910, which had been transferred to retained earnings from other comprehensive income.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Group, the increase (decrease) in other comprehensive income (pre-tax) for the years ended December 31, 2020 and 2019, will be $240,851 and $246,403, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

For the Group's information of market risk, please refer to note (6)(aa).

As of December 31, 2020 and 2019, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

(d) Financial instruments used for hedging

(i) Financial instruments used for hedging were as follows:

	December 31, 2020	December 31, 2019
Cash flow hedge:		
Financial assets used for hedging:		
Forward exchange contracts	$ -	61
Financial liabilities used for hedging:		
Forward exchange contracts	$ 2,192	4,932

(ii) Cash flow hedge

The Group's strategy is to use forward exchange contracts to hedge its foreign currency exposure in respect of forecasted future sales.

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As of December 31, 2020 and 2019, the amounts related to the items designated as hedge instruments were as follows:

	December 31, 2020				
	Contract amount (in thousands)		Currency	Maturity period	Average strike price
Derivative financial liabilities used for hedging					
Foreign exchange contracts:					
Forward exchange sold	EUR	6,000	EUR to USD	April 29~ June 29, 2021	1.2192

	December 31, 2019				
	Contract amount (in thousands)		Currency	Maturity period	Average strike price
Derivative financial assets used for hedging					
Foreign exchange contracts:					
Forward exchange sold	EUR	6,000	EUR to USD	February 14~ June 29, 2020	1.1278
Derivative financial liabilities used for hedging					
Foreign exchange contracts:					
Forward exchange sold	EUR	39,000	EUR to USD	January 31~ December 29, 2020	1.1327
Forward exchange purchased	USD	3,589	USD to MXN	February 26~ March 30, 2020	19.507

(iii) For the years ended December 31, 2020 and 2019, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of $67 and $(5,934), respectively, recorded as “other gains and losses, net”.

(iv) For the years ended December 31, 2020 and 2019, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss is recognized as revenue in the statement of comprehensive income. Please refer to note (6)(z).

(e) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivables from operating activities	$ 40,059	42,418
Accounts receivables – measured at amortized cost	197,650,813	167,615,217
Accounts receivables – fair value through other comprehensive income	38,429,954	28,007,745
	236,120,826	195,665,380
Less: allowance for uncollectible accounts	(3,910,928)	(3,928,716)
	$ 232,209,898	**191,736,664**
Notes and accounts receivable	**$ 231,830,964**	**191,692,152**
Notes and accounts receivable – related parties	**$ 378,934**	**44,512**

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

(i) The loss allowance provision of IT product segment of the Group was determined as follows:

	December 31, 2020			
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted- ave rage ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 213,584,823	0%	-	No
Level B	11,779,368	0.57%	66,757	No
Level C	3,817,340	100%	3,817,340	Yes
	$ 229,181,531		**3,884,097**	

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December 31, 2019				
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 172,692,844	0%	-	No
Level B	13,008,324	0.55%	71,101	No
Level C	3,817,340	100%	3,817,340	Yes
	$ 189,518,508		3,888,441	

(ii) The loss allowance provision of strategically integrated product segment of the Group was determined as follows:

December 31, 2020				
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 2,705,044	0%	-	No
Level B	3,772,573	0.10%	3,814	No
Level C	443,092	1.00%	4,431	No
Level D	-		-	-
Level E	18,586	100%	18,586	Yes
	$ 6,939,295		26,831	

December 31, 2019				
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 2,620,806	0%	-	No
Level B	2,713,406	0.10%	2,789	No
Level C	783,004	1.00%	7,830	No
Level D~E	-	-	-	-
Level F	29,656	100%	29,656	Yes
	$ 6,146,872		40,275	

The aging analysis of notes and accounts receivable was determined as follows:

	December 31, 2020	**December 31, 2019**
Overdue 1 to 180 days	$ 2,073,442	1,707,265
Overdue 181 to 365 days	104,264	285
	$ 2,177,706	1,707,550

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The movement in the allowance for notes and accounts receivable was as follows:

	2020	2019
Balance at January 1	$ 3,928,716	4,020,603
Impairment losses recognized (reversed)	(18,694)	(7,790)
Amounts written off	-	(85,907)
Effect of changes in exchange rates	906	1,810
Balance at December 31	$ 3,910,928	3,928,716

Allowance for uncollectible account is the balance of accounts receivable which are uncollectable. Except for evaluating the situation of the customers' payment records and widely analyzing the credit rating of customers, the Group also takes all the necessary procedures for collection. The Group believes that there is no doubt for the recovery of the due but unimpaired accounts receivable, therefore, no allowance recognized.

The Group entered into accounts receivable factoring agreements with banks. As of December 31, 2020 and 2019, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,600,000 thousand and EUR 59,700 thousand, USD 1,000,000 thousand and EUR 59,700 thousand, respectively. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing in involvement in them. After the transfer of the accounts receivable, the Group can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. As of December 31, 2020, the factored accounts receivable with no advance amounting $42,550 is accounted for as other receivables. As of December 31, 2019, accounts receivable factored were recovered.

The Group, customers and banks signed the three-party contracts in which the banks purchase accounts receivable from the Group. The total amount of the accounts receivable should not exceed the facility limit provided by the banks to the Group's customers. Based on the contracts, the banks have no right to request the Company to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of December 31, 2020 and 2019, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

(Continued)

As of December 31, 2020 and 2019, the details of the factored accounts receivable but unsettled were as follows:

	December 31, 2020						
Purchaser	Accounts receivable factored (gross)	Amount advanced: Unpaid	Amount advanced: Paid	Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
Financial Institution	$ 42,597,772	-	42,555,222	42,550	-	42,597,772	0.58%~0.93%

	December 31, 2019						
Purchaser	Accounts receivable factored (gross)	Amount advanced: Unpaid	Amount advanced: Paid	Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
Financial Institution	$ 25,672,764	-	25,672,764	-	-	25,672,764	2.21%~2.80%

As of December 31, 2020 and 2019, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(f) Inventories

	December 31, 2020	December 31, 2019
Finished goods	$ 23,237,892	30,269,057
Work in progress	9,630,864	6,455,035
Raw materials	62,694,104	41,213,675
Raw materials in transit	589,099	495,771
	$ 96,151,959	78,433,538

(i) For the years ended December 31, 2020 and 2019, inventory cost recognized as cost of sales amounted to $1,013,470,729 and $946,533,518, respectively.

(ii) The loss due to the write-down of inventories to net realizable value amounted to $97,090 and $587,759 for the years ended December 31, 2020 and 2019, respectively.

(iii) As of December 31, 2020 and 2019, the Group did not provide any inventories as collaterals for its loans.

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(g) Investments accounted for using equity method

A summary of the Group’s financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2020	December 31, 2019
Associates	$ 8,036,165	7,410,134
Joint venture	(17,106)	(14,725)
	8,019,059	7,395,409
Plus: credit balance of investment in equity method (other non-current liability)	43,177	41,719
Less: unrealized profits or losses	(112,311)	(118,042)
	$ 7,949,925	7,319,086

(i) Associates

1) The fair value of the shares of listed company based on the closing price was as follow:

	December 31, 2020	December 31, 2019
Allied Circuit Co., Ltd. (“Allied Circuit”)	$ 2,075,813	1,838,621
Avalue Technology Inc. (“Avalue”)	828,286	1,147,839
	$ 2,904,099	2,986,460

2) The Group’s share of the net gain (loss) of associates was as follows:

	2020	2019
The Group’s share of the gain (loss) of associates	436,165	229,152

3) The Group’s financial information for investments accounted for using the equity method that are individually immaterial was as follows:

	December 31, 2020	December 31, 2019
Carrying amount of individually immaterial associates	$ 8,036,165	7,410,134

	2020	2019
The Group’s share of the net income (loss) of associates:		
Profit (loss) from continuing operations	436,165	229,152
Other comprehensive income	107,370	(159,440)
Total comprehensive income	543,535	69,712

(Continued)

4) For the year ended December 31, 2020, the Group had sold parts of its shares held in Avalue and Allied Circuit, with a consideration (net of costs of disposal) amounting to $38,952. The transaction has been completed and the price has been fully received, wherein the Group recognized a gain of $28,772, which was accounted for as other gain and loss.

5) In October 2019, the Group had sold part of its shares held in Avalue, with a consideration (net of costs of disposal) amounting to $18,033. The transaction has been completed and the price has been fully recovered, wherein the Group recognized a gain of $8,990, which was accounted for as other gain and loss.

(ii) Joint venture

In April 2010, the Group and another company established a jointly controlled entity, Compal Connector Manufacture Ltd. ("CCM"), and obtained an ownership interest of 51%. CCM's actual paid-in capital amounted to USD10,000 thousands. Moreover, in May 2014, the Group and another company established a jointly controlled entity, Zheng Ying Electronics (Chongqing) Co., Ltd., ("Zheng Ying"), and obtained an ownership interest of 51%. Zheng Ying's actual paid-in capital amounted to USD 2,500 thousands.

The Group's financial information for investment accounted for using the equity method that are individually insignificant was as follows:

		December 31, 2020	December 31, 2019
The carrying amount of the Group's interests in all individually insignificant joint ventures	$	(17,106)	(14,725)

	2020	2019
The Group's share of the net income (loss) of joint ventures:		
Losses from continuing operations (also the total comprehensive losses)	(508)	(32,144)

(iii) Although the Group is the single largest shareholder of some associates, after a comprehensive assessment that the remaining shares of these associates are not concentrated in specific shareholders, the Group is still not able to obtain more than half of the board seats, and it has not obtained more than half of the voting rights of shareholders attending the shareholders' meeting. The Group judges that it does not have absolute power and leading ability over the relevant activities and variable remuneration of these associates, so it assesses that the Group has no control over these associates.

(iv) As of December 31, 2020 and 2019, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(h) Changes in subsidiaries' equity

(i) Changes in subsidiaries' equity did not result in the Group's loss of control

1) Subsidiaries' employee stock options exercised

CBN issued 45 thousand and 69 thousand new shares because of its employees' exercised stock options in 2020 and 2019, respectively, which resulted in the reduce of the Group's ownership of CBN by 0.03% and 0.07%, respectively.

2) Issuance of new shares for cash of subsidiaries

The Group purchased newly issued shares of Arcadyan amounting to $323,917 at a percentage different from its existing ownership percentage in the fourth quarter of 2019, resulting in a decrease in the ownership of the Group in Arcadyan by 0.37%.

3) Issuance and cancellation of subsidiaries' restricted shares

Arcadyan canceled 126 thousand and 84 thousand restricted shares in the years ended December 31, 2020 and 2019, respectively, which resulted in an increase of 0.01% of the ownership of the Group in Arcadyan for the both years.

4) The following summarizes the effect of changes in equity of the parent due to changes in the ownership interest of subsidiaries:

	2020	2019
Capital surplus – changes in ownership interest in subsidiaries	$ 1,735	43,473

(i) Loss control of subsidiaries

The Group had sold all of its shares in CMX, at the amount of $218,133, to a third party in August 2019, resulting in its losing control over CMX. The entire amount had been fully received. The gain on disposal amounting to $58,107 was recorded as other gains and losses.

The carrying amounts of assets and liabilities of CMX were as follows:

Cash and cash equivalents	$ 74,638
Other current assets	2,918
Property, plant and equipment	117,625
Notes and accounts payable	(644)
Other payables	(33,716)
Other current liabilities	(966)
Carrying amount net assets	$ 159,855

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(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows.

Subsidiaries	Main operation place	Percentage of non-controlling interests December 31, 2020	December 31, 2019
Arcadyan Technology Corporation	Taiwan	65%	65%

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

Arcadyan's collective financial information is as follows.

	December 31, 2020	December 31, 2019
Current assets	$ 24,721,922	22,052,835
Non-current assets	4,085,304	3,478,150
Current liabilities	(15,368,928)	(13,044,806)
Non-current liabilities	(1,476,302)	(1,145,245)
Net assets	$ 11,961,996	11,340,934
Non-controlling interests	$ 8,024,032	7,625,040

	2020	2019
Sales revenue	$ 33,765,295	32,897,900
Net income	$ 1,630,605	1,356,986
Other comprehensive income	(97,919)	(53,703)
Comprehensive income	$ 1,532,686	1,303,283
Profit, attributable to non-controlling interests	$ 1,033,182	894,962
Comprehensive income, attributable to non-controlling interests	$ 970,772	859,763
Net cash flows from operating activities	$ 3,352,208	2,496,825
Net cash flows from investing activities	(884,623)	(837,786)
Net cash flows from financing activities	(974,048)	2,779
Effect of exchange rate changes on cash and cash equivalents	(21,328)	(30,312)
Net increase (decrease) in cash and cash equivalents	$ 1,472,209	1,631,506

(Continued)

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Land	Buildings and building improvement	Machinery	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:						
Balance on January 1, 2020	$ 1,705,220	16,966,779	27,044,641	11,289,433	1,310,558	58,316,631
Additions	16,540	1,555,668	2,043,593	1,670,528	2,491,792	7,778,121
Disposals and derecognitions	-	(40,637)	(781,081)	(484,944)	-	(1,306,662)
Reclassifications	222,769	568,695	1,419,898	267,958	(2,479,320)	-
Effect of movements in exchange rates	(435)	(530,632)	(1,228,860)	(857,278)	(102,245)	(2,719,450)
Balance on December 31, 2020	$ 1,944,094	18,519,873	28,498,191	11,885,697	1,220,785	62,068,640
Balance on January 1, 2019	$ 1,772,214	17,020,270	26,201,597	10,642,904	1,003,490	56,640,475
Additions	25,888	382,049	1,956,846	1,900,557	1,561,601	5,826,941
Disposals and derecognitions	(93,905)	(440,934)	(773,288)	(1,003,600)	-	(2,311,727)
Reclassifications	-	221,513	406,831	104,464	(1,007,468)	(274,660)
Effect of movements in exchange rates	1,023	(216,119)	(747,345)	(354,892)	(247,065)	(1,564,398)
Balance on December 31, 2019	$ 1,705,220	16,966,779	27,044,641	11,289,433	1,310,558	58,316,631
Depreciation and impairments loss:						
Balance on January 1, 2020	$ -	10,352,434	19,850,259	8,141,591	-	38,344,284
Depreciation for the period	-	905,054	2,369,810	1,569,827	-	4,844,691
Disposals and derecognitions	-	(39,988)	(656,216)	(461,903)	-	(1,158,107)
Effect of movements in exchange rates	-	(362,391)	(992,208)	(692,969)	-	(2,047,568)
Balance on December 31, 2020	$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Balance on January 1, 2019	$ -	10,105,653	18,441,703	7,674,891	-	36,222,247
Depreciation for the period	-	802,230	2,524,504	1,778,318	-	5,105,052
Disposals and derecognitions	-	(413,292)	(662,693)	(990,010)	-	(2,065,995)
Effect of movements in exchange rates	-	(142,157)	(453,255)	(321,608)	-	(917,020)
Balance on December 31, 2019	$ -	10,352,434	19,850,259	8,141,591	-	38,344,284
Carrying amounts:						
Balance on December 31, 2020	$ 1,944,094	7,664,764	7,926,546	3,329,151	1,220,785	22,085,340
Balance on January 1, 2019	$ 1,772,214	6,914,617	7,759,894	2,968,013	1,003,490	20,418,228
Balance on December 31, 2019	$ 1,705,220	6,614,345	7,194,382	3,147,842	1,310,558	19,972,347

As of December 31, 2020 and 2019, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

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(l) Right-of-use assets

The Group leases many assets including land and buildings, machinery and vehicles. Information about leases for which the Group as a lessee is presented as below:

		Land	Buildings	Machinery	Vehicles and Other	Total
Cost:						
Balance on January 1, 2020	$	1,110,813	2,809,991	86,661	88,712	4,096,177
Additions		317,808	954,736	-	6,797	1,279,341
Deductions		(106,518)	(350,896)	(9,460)	(19,825)	(486,699)
Effect of movements in exchange rates		(53,974)	(35,364)	(271)	(715)	(90,324)
Balance on December 31, 2020	$	1,268,129	3,378,467	76,930	74,969	4,798,495
Balance on January 1, 2019	$	891,147	1,934,899	87,482	67,569	2,981,097
Additions		245,220	1,142,076	9,460	26,127	1,422,883
Deductions		-	(226,448)	(9,067)	(4,403)	(239,918)
Effect of movements in exchange rates		(25,554)	(40,536)	(1,214)	(581)	(67,885)
Balance on December 31, 2019	$	1,110,813	2,809,991	86,661	88,712	4,096,177
Depreciation and impairment loss:						
Balance on January 1, 2020	$	31,587	659,467	22,270	32,681	746,005
Depreciation for the period		25,354	801,567	12,138	32,690	871,749
Deductions		-	(258,054)	(9,368)	(18,742)	(286,164)
Effect of movements in exchange rates		(2,185)	(27,291)	(291)	(280)	(30,047)
Balance on December 31, 2020	$	54,756	1,175,689	24,749	46,349	1,301,543
Balance on January 1, 2019	$	-	-	-	-	-
Depreciation for the period		32,106	770,753	22,615	43,834	869,308
Deductions		-	(104,216)	-	(4,403)	(108,619)
Effect of movements in exchange rates		(519)	(7,070)	(345)	(6,750)	(14,684)
Balance on December 31, 2019	$	31,587	659,467	22,270	32,681	746,005
Carrying amount:						
Balance on December 31, 2020	$	1,213,373	2,202,778	52,181	28,620	3,496,952
Balance on January 1, 2019	$	891,147	1,934,899	87,482	67,569	2,981,097
Balance on December 31, 2019	$	1,079,226	2,150,524	64,391	56,031	3,350,172

(Continued)

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 92,838,733	60,951,844
Unused credit line for short-term borrowings	$ 95,910,000	107,077,000
Range of interest rates	0.25%~2.58%	0.66%~5.05%

For information on the Group’s interest risk, foreign currency risk and liquidity risk, please refer to note (6)(aa).

(n) Long-term borrowings

The details of long-term borrowings were as follows:

	December 31, 2020				
	Currency	Range of annual interest rate	Maturity year		Amount
Unsecured bank loans	TWD	0.66%~0.98%	2021~2023	$	11,900,000
Unsecured bank loans	USD	0.69%~0.92%	2021~2022		7,205,440
Secured bank loans	TWD	1%~1.5%	2022~2025		228,913
Less: current portion					(8,932,615)
Total				$	10,401,738
Unused credit lines for long-term borrowings				$	15,327,000

	December 31, 2019				
	Currency	Range of annual interest rate	Maturity year		Amount
Unsecured bank loans	TWD	0.73%~1.18%	2020~2023	$	25,650,000
Secured bank loans	TWD	1.67%	2022		98,438
Less: current portion					(18,189,375)
Total				$	7,559,063
Unused credit lines for long-term borrowings				$	12,047,000

For information on the Group’s interest risk, foreign currency risk and liquidity risk, please refer to note (6)(aa).

The Group pledged property, plant and equipment as collateral for its partial long-term borrowings. Please refer to note (8).

(o) Unsecured convertible corporate bonds

(i) The Company's subsidiary, Arcadyan, issued the first domestic unsecured convertible corporate bonds on June 6, 2019. The details were as follows:

		December 31, 2020	December 31, 2019
Total convertible corporate bonds issued	$	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable		(18,527)	(31,383)
Unamortized issuance costs on corporate bonds payable		(1,254)	(2,125)
Balance of corporate bonds payable as of the reporting date	**$**	**980,219**	**966,492**
Conversion options included in equity component (classified as capital surplus and non-controlling interests)	**$**	**48,667**	**48,667**

		2020	2019
Interest expenses	**$**	**13,727**	**7,919**

The effective interest rate of the first issued convertible corporate bonds was 1.3284%.

(ii) The main terms of issuing the above-mentioned convertible corporate bonds was as follows:

1) Coupon rate: 0%

2) Duration: three years (June 6, 2019~June 6, 2022)

3) Repayment

Put option and call option are excluded from the issuance of convertible corporate bonds. Except that the bondholders convert the bonds to Arcadyan's common shares or the bonds are repurchased and cancelled by Arcadyan from the securities firm's business office, the bonds will be repaid in cash at par value when the bonds expired.

4) Terms of conversion

a) The bondholder may opt to have its bonds converted into the Arcadyan's common shares, with the approval of Taiwan Depository & Clearing Corporation through securities firms, at any time between three months after the issuance date (September 7, 2019) and the day before the maturity date (June 6, 2022), except for the following:

- The closing period in accordance with the applicable law;

- The period starting from the first day of the first fifteen working days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;

- The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease.

b) Conversion price is determined as NT$98.3 per share upon issuing. Arcadyan paid cash dividends and issued new shares for cash in 2019; therefore, the conversion price has been adjusted to $93 per share. Arcadyan distributed cash dividends to common stocks shareholders with retained earnings and with the additional paid-in capital in 2020, thereafter, the conversion price has been adjusted to NT$87.7 per share.

(p) Lease liabilities

The details of leases liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 377,161	717,021
Non-current	$ 1,910,601	1,550,067

For the maturity analysis, please refer to note (6)(aa).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	50,534	48,758
Variable lease payments not included in the measurement of lease liabilities	3,332	4,579
Expenses relating to leases of low-value assets or short-term leases	131,749	117,545

The amounts recognized in the consolidated statement of cash flows for the Group were as follows:

	2020	2019
Total cash outflow for leases	$ 1,032,451	1,003,697

(i) Real estate leases

The Group leases land leasehold rights and buildings for its office and plant space. The leases of office space typically run for a period of 1 ~19 years, and of land leasehold rights for 45~50 years.

(ii) Other leases

The Group leases vehicles and equipment with lease terms of 1~5 years.

The Group also leases some equipment and vehicles with contract terms of 1~3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Provisions

		Warranties
Balance on January 1, 2020	$	830,757
Provisions made during the period		181,789
Provisions used during the period		(142,007)
Provisions reversed during the period		(489)
Balance on December 31, 2020	**$**	**870,050**
Balance on January 1, 2019	$	426,981
Provisions made during the period		721,303
Provisions used during the period		(305,236)
Provisions reversed during the period		(12,291)
Balance on December 31, 2019	**$**	**830,757**

Provisions relate to sales of products are assessed based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year.

(r) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

		December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$	(1,516,219)	(1,486,824)
Fair value of plan assets		730,046	748,660
Net defined benefit liabilities	**$**	**(786,173)**	**(738,164)**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

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1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The balance of the Group's labor pension reserve account in the Bank of Taiwan amounted to $729,284 (excluding the ending balance of interest receivable) as of December 31, 2020. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Group were as follows:

	2020	2019
Defined benefit obligations on January 1	$ (1,486,824)	(1,447,375)
Benefit paid by the plan	76,835	50,196
Current service costs and interest	(19,238)	(24,942)
Remeasurements of net benefit liabilities	(86,992)	(64,703)
Defined benefit obligations on December 31	**$ (1,516,219)**	**(1,486,824)**

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

	2020	2019
Fair value of plan assets on January 1	$ 748,660	737,229
Expected return on plan assets	6,675	9,432
Remeasurements of net benefit plan assets	23,554	23,917
Contributions paid by the employer	27,992	28,278
Benefits paid by the plan	(76,835)	(50,196)
Fair value of plan assets on December 31	**$ 730,046**	**748,660**

(Continued)

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

		2020	2019
Current service cost	$	5,955	6,401
Net interest on the net defined benefit liability (asset)		6,608	9,109
	$	12,563	15,510
Cost of sales	$	546	689
Selling expenses		679	812
Administrative expenses		3,024	3,686
Research and development expenses		8,314	10,323
	$	12,563	15,510

5) Actuarial assumptions

The following were the Group's principal actuarial assumptions at the reporting date:

	December 31, 2020	December 31, 2019
Discount rate	0.50%~0.63%	0.90%~1.00%
Future salary increasing rate	3.00%	3.00%

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date is $29,531.

The weighted-average lifetime of the defined benefit plan is 9.6~14.00 years.

6) Sensitivity analysis

If the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effects to the defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2020		
Discount rate	(36,336)	37,683
Future salary increasing rate	36,574	(35,482)
December 31, 2019		
Discount rate	(36,821)	38,220
Future salary increasing rate	37,254	(36,089)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

The method and assumption used in the sensitivity analysis is consistent with prior period.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to $448,617 and $413,479 for the years ended December 31, 2020 and 2019, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to $922,151 and $1,294,677 for the years ended December 31, 2020 and 2019, respectively.

(s) Income taxes

(i) Income tax expenses

1) The amounts of income tax for the years ended December 31, 2020 and 2019, were as follows:

	2020	2019
Current tax expense		
Recognized during the period	$ 2,837,554	2,364,140
10% surtax on unappropriated earnings	27,073	294,326
Tax credit of investment	(273,959)	(438,511)
	2,590,668	2,219,955
Deferred tax expense		
Recognition and reversal of temporary differences	122,536	(107,798)
Income tax expense	$ 2,713,204	2,112,157

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2) The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2020 and 2019, were as follows:

		2020	2019
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit obligation	$	(13,173)	(8,157)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income		15,805	44,004
	$	**2,632**	**35,847**
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences of foreign operations	**$**	**(18,727)**	**(10,678)**

3) The income tax expenses that were reconciled between the actual income tax expenses and profits before tax for the years ended December 31, 2020 and 2019, were as follows:

		2020	2019
Profit before tax	**$**	**13,122,716**	**10,007,876**
Income tax calculated based on tax rate	$	3,260,548	2,743,666
Estimated tax effect of tax exemption on investment income, net		(209,192)	(155,231)
Realized investment loss		(60,000)	(25,237)
Investment tax credit		(273,959)	(438,511)
Changes in temporary differences		(637,794)	(150,199)
Adjustment of estimated difference and others		606,528	(156,657)
Surtax on unappropriated earnings		27,073	294,326
	$	**2,713,204**	**2,112,157**

(Continued)

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(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Refund liabilities	Contract liabilities	Unrealized exchange losses, net	Others	Total
Deferred tax assets:					
Balance on January 1, 2020	$ 120,603	59,429	750,213	707,381	1,637,626
Recognized in profit or loss	14,277	(9,893)	(94,758)	(64,966)	(155,340)
Recognized in other comprehensive income	-	-	-	31,922	31,922
Balance on December 31, 2020	$ 134,880	49,536	655,455	674,337	1,514,208
Balance on January 1, 2019	$ 178,025	164,955	163,265	517,703	1,023,948
Recognized in profit or loss	(57,422)	(105,526)	586,948	171,280	595,280
Recognized in other comprehensive income	-	-	-	18,398	18,398
Balance on December 31, 2019	$ 120,603	59,429	750,213	707,381	1,637,626

	Unrealized exchange gains, net	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2020	$ (497,092)	(512,126)	(1,009,218)
Recognized in profit or loss	72,102	(39,527)	32,575
Recognized in other comprehensive income	-	(15,827)	(15,827)
Balance on December 31, 2020	$ (424,990)	(567,480)	(992,470)
Balance on January 1, 2019	$ -	(478,169)	(478,169)
Recognized in profit or loss	(497,092)	9,610	(487,482)
Recognized in other comprehensive income	-	(43,567)	(43,567)
Balance on December 31, 2019	$ (497,092)	(512,126)	(1,009,218)

(iii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	$ 1,143,771	827,365
Tax effect of loss carryforward	$ 1,034,072	1,121,433

The Group assesses and considers that some of the income tax reduction items may be unrealized, hence they are not recognized as deferred tax assets. In addition, according to Income Tax Act, the loss carryforward are the losses incurred in past 10 years assessed by ROC tax authorities which can be deducted from the net profit of current year before levied. The items are not recognized as deferred income tax assets due to the fact that the Group may not have sufficient taxable income in the future for the losses.

As of December 31, 2020, the tax effects on loss carryforward that have not been recognized as deferred tax assets were as follows:

Year of loss	Expiry year	Deductible amount	
2011 (Assessed)	2021	$	157,247
2012 (Assessed)	2022		642,778
2013 (Assessed)	2023		228,258
2014 (Assessed)	2024		41,534
2015 (Assessed)	2025		636,827
2016 (Assessed)	2026		1,420,567
2017 (Assessed)	2027		918,085
2018 (Assessed/Filed)	2028		557,009
2019 (Filed)	2029		381,896
2020 (Estimated)	2030		112,602
2020 (Estimated)	2025		58,844
		$	5,155,647

(iv) Unrecognized deferred tax assets and liabilities related to investments in subsidiaries

The temporary differences associated with investment in subsidiaries were not recognized as deferred income tax assets and liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

As of December 31, 2020 and 2019, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to $1,856,500 and $1,894,891, respectively.

As of December 31, 2020 and 2019, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to $54,151,962 and $53,923,241, respectively.

(v) Examination and approval

The Company’s tax returns for the year through 2018 were assessed by the tax authorities.

The ROC tax authorities have assessed the income tax returns of Rayonnant, Palcom, Gempal, Hong Jin, Unicore, Raycore, Hippo Screen, Acbel Telecom and Shennona TW through 2019, of UCGI, Panpal, Hong Ji, Ripal, CBN, Arcadyan, Zhi-Bao, Heng Hao, Mactech, GLB, RBL through 2018, of TTI through 2017.

(t) Capital and other equities

(i) Ordinary shares

As of December 31, 2020 and 2019, the Company's authorized common stock consisting of 6,000,000 thousand shares with a par value of 10 New Taiwan dollar per share amounted to $60,000,000 of which 4,407,147 thousand shares, were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

		December 31, 2020	December 31, 2019
Additional paid-in capital	$	5,422,060	6,302,490
Treasury share transactions		2,541,906	2,481,885
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries		36,766	36,766
Recognition of changes in ownership interests in subsidiaries		60,850	59,115
Changes in equity of associates and joint ventures accounted for using equity method		281,231	279,003
	$	**8,342,813**	**9,159,259**

In accordance with the ROC Company Act, realized capital reserves can only be used to increase the common stock or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

The Company's shareholders' meeting held on June 21, 2019 approved to distribute cash of $881,429 (representing 0.2 New Taiwan dollars per share), by using the additional paid-in capital.

The Company's Board of Directors' meeting held on March 30, 2020 approved to distribute cash of $881,429 (representing 0.2 New Taiwan dollars per share), by using the additional paid-in capital.

The Company's Board of Directors' meeting held on March 26, 2021 approved to distribute cash of $1,762,859 (representing 0.4 New Taiwan dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Post system website after the Board of Directors' meeting.

(iii) Retained earnings

Based on the Company's articles of incorporation amended on June 21, 2019, if there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

Based on the Company's articles of incorporation before amended on June 21, 2019, if there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The earnings appropriation proposal to distribute dividend and bonus shall be proposed by the Board of Directors and approved by the General Shareholders Meeting. The rest of the unappropriated retained earnings shall be reserved.

The lifecycle of the industry of the Company is in the growing stage. To consider the need of the Company for the future capital, capital budget, long-term financial planning, domestic and foreign competition, the need of shareholders for cash flow and other factors, if there is any profit after close of books, the dividend and bonus to be distributed to shareholders shall not be less than thirty percent of profit after tax for such year and the cash dividend allocated by the Company each year shall not be lower than ten percent of the total dividend (including cash and share dividend) for such year.

According to the law, when there is a deduction from stockholders' equity (excluding treasury stock and unearned employee benefit) during the year, an amount equal to the deduction item is set aside as a special reserve before the earnings are appropriated. A special reserve is made available for earning distribution only after the deduction of the related shareholders' equity has been reversed.

1) Legal reverse

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares and distributing stock dividends or distributing cash to shareholders. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reverse

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current earnings and previous unappropriated earnings shall be set aside as a special reserve during earnings distribution. The amount to be set aside should equal the total amount of contra accounts that are accounted for as deductions to other equity interests. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

3) Earnings distribution

Distribution for the earnings of 2019 was approved in the meeting of the Board of Directors held on March 30, 2020, and of 2018 was approved by the shareholders during their annual meeting held on June 21, 2019. The relevant information was as follows:

	2019		2018	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Cash dividends distributed to common shareholders	$ 1.0	4,407,147	1.0	4,407,147

Distribution for the earnings of 2020 was approved in the meeting of the Board of Directors held on March 26, 2021. The relevant information was as follows:

	2020	
	Amount per share	**Total amount**
Cash dividends distributed to common shareholders from the unappropriated earnings	$ 1.2	5,288,576

The related information of the earnings distribution for the year ended December 31, 2020, can be accessed through the Market Observation Post System website after the related meeting.

(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2020 and 2019. As of December 31, 2020, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was $881,247. The fair value of the ordinary shares of the Company was 20.70 and 18.85 New Taiwan dollars per share as of December 31, 2020 and 2019, respectively.

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

(v) Other equity interests (net-of-taxes)

		Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Others	Total
Balance on January 1, 2020	$	(3,794,980)	(306,763)	(1,706)	(4,103,449)
The Company		(3,073,441)	(100,249)	-	(3,173,690)
Subsidiaries		(182,054)	75,529	927	(105,598)
Associates		161,498	(45,469)	-	116,029
Balance on December 31, 2020	$	(6,888,977)	(376,952)	(779)	(7,266,708)
Balance on January 1, 2019	$	(1,852,952)	(5,606,436)	-	(7,459,388)
The Company		(1,620,812)	4,936,223	-	3,315,411
Subsidiaries		(52,530)	252,170	(1,706)	197,934
Associates		(268,686)	111,280	-	(157,406)
Balance on December 31, 2019	$	(3,794,980)	(306,763)	(1,706)	(4,103,449)

(u) Share-based payment

(i) Arcadyan – employee restricted shares

At the meeting held on June 21, 2018, the Arcadyan's Board of Directors decided to issue 4,500,000 shares of employee restricted shares to Arcadyan full-time employees who meet certain requirements. The restricted shares have been registered, with and approved by, the Securities and Futures Bureau of FSC. The Board of Directors decided to issue all the restricted shares on November 6, 2018, which is also the effective date of the share issuance.

3,500,000 shares of the aforementioned restricted shares are issued without consideration. 30%, 30% and 40% of the 3,500,000 restricted shares are vested when the employees continue to provide service for at least 2 year, 3 years and 4 years, respectively, from the registration and the effective date, and at the same time, meet the performance requirement. In addition, when earnings per share in two consecutive and complete fiscal years from the registration and effective date are no less than NT$4, and at the same time, the employees with the restricted shares meet the performance requirement, the other 1,000,000 shares of the restricted shares are vested 100% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are between NT$3 to NT$4, and at the same time, the employees with the restricted shares meet the performance requirement, the restricted shares are vested

75% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are less than NT$3, the employees with restricted shares, whether or not they meet the performance requirement, no restricted shares are vested at the date the shareholders approved the financial statements for the second fiscal year. The earnings per share mentioned above are calculated based on the profit approved by the shareholders and the weighted average number of ordinary shares outstanding at the date of the restricted shares have been approved by the authority.

After the issuance, the restricted shares are kept by a trust, which is appointed by Arcadyan, before they are vested. These restricted shares shall not be sold, transferred, pledged, gifted, or disposed by any other means, to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations. If the shares remain unvested after the vesting period, Arcadyan will redeem all the unvested shares without consideration and cancel the shares thereafter. Restricted shares could be received in cash and stock dividends, or could be used to participate in cash injection. The aforementioned new shares are not considered as restricted shares.

The information of Arcadyan's restricted shares is as follows:

Unit: in thousands of shares

	2020	**2019**
Outstanding shares on January 1	4,416	4,500
Canceled during the period	(126)	(84)
Vested during the period	(1,984)	-
Outstanding shares on December 31	**2,306**	**4,416**

As of December 31, 2020 and 2019, the unearned employee benefit was $45,606 and $119,897, respectively.

The compensation cost related to the restricted shares amounted to $73,545 and $99,719 for the years ended December 31, 2020 and 2019.

(ii) Arcadyan－cash injection reserved for employees

Arcadyan's Board of Directors resolve to implement cash injection on April 9, 2019, of which 1,500 thousand shares were reserved for employees. As of December 31, 2019, the relevant information was as follows:

Grant date	2019.10.16
Number of shares granted (in thousands)	1,500
Recipients	(Note 1)
Vested condition	Vest immediately

(Note 1) Arcadyan's full-time employees who meet certain requirements.

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The compensation cost, recorded as operating expense and cost of sales related to the cash injection reversed for employees, amounted to $27,000 in 2019.

(iii) TTI – employee stock options

The information about share-based payment of TTI in 2020 and 2019 was as follows:

	Employee stock options
Grant date	2015.10.29
Granted shares (in thousand)	1,000
Contract period	7 years
Recipients	Employees of TTI
Vested condition	Please refer to the issuance terms of the stock options as follows

The issuance terms of the stock options are as follows:

1) Exercise price: NT$13.5 per share.

2) Exercisable duration: The employees who received stock options that exceed two years and meet the performance requirements can exercise a specific percentage in each period as below. The exercisable duration of the options is seven years. No transfer is allowed except for inheritance.

Exercisable	Period and performance requirements to exercise options
40％	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 2 years after the issuance of the right. (2) Upon vesting, the average earnings per share of TTI for the past 2 years must exceed NT$3. If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to 3 years; under this extension, the average of the earnings per share of any 2 years within the 3 year period must exceed NT$3.
30％	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 3 years after the issuance of the right. (2) Upon vesting, the performance requirements need to be met, otherwise, the earnings per share of TTI for the following year must exceed NT$3. If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to another 1 year; the earnings per share must exceed NT$3 during the extension period.

Exercisable	Period and performance requirements to exercise options
30％	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 4 years after the issuance of the right. (2) Upon vesting, the performance requirements need to be met, otherwise, the earnings per share of TTI for the following year must exceed NT$3. If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to another 1 year; the earnings per share must exceed NT$3 during the extension period. The total measurement periods mentioned above may not exceed 6 years.

The earnings per share mentioned above are based on the financial statements that had been audited and certified by a certified public accountant.

3) Exercise method: TTI would issue new shares as the options are exercised.

4) Exercise procedure: In accordance with TTI's issuance and exercise rules. After receiving the payment for share options, the entitlement certification of share options exercised is registered as ordinary shares.

The information on total options issued was as follows:

	2020		2019	
	Weighted-average exercise price (NT dollars)	**Shares (in thousands)**	**Weighted-average exercise price (NT dollars)**	**Shares (in thousands)**
Outstanding shares on January 1	13.5	300	13.5	600
Canceled during the period	13.5	(300)	13.5	(300)
Outstanding shares on December 31	-	-	13.5	**300**
Exercisable shares on December 31	-	-	-	-

The exercise price range of TTI's outstanding employee stock options and weighted-average remaining contractual life of the outstanding options are as follows:

	December 31, 2020	December 31, 2019
Exercise price range	$ 13.5	13.5
Weighted average remaining contract period		2.83

The shares of the stock options were all expired due to failure to meet the vested conditions in 2020.

The compensation cost reversed related to the share-based payment amounted to $970 and $1,326 for the years ended December 31, 2020 and 2019, respectively.

(iv) CBN－employee stock options

At the meeting held on May 30, 2012, May 26, 2014 and May 17, 2016, CBN's Board of Directors resolved to issue 1,000,000, 800,000 and 1,500,000 units of employee stock options, respectively, with an exercisable right of one share of CBN's ordinary shares per unit. The information on total options issued was as follows:

1) The first employee stock option plan

The employee stock options above have been fully exercised in 2017.

2) The second employee stock option plan

	2019	
	Shares	**Weighted-average exercise price (NT dollars)**
Outstanding shares on January 1	8,910	$ 10
Exercised during the period	(8,910)	10
Outstanding shares on December 31	**-**	-
Exercisable shares on December 31	**-**	-

The employee stock options above have been fully exercised in 2019.

3) The third employee stock option plan

	2020		2019	
	Shares	**Weighted-average exercise price (NT dollars)**	**Shares**	**Weighted-average exercise price (NT dollars)**
Outstanding shares on January 1	87,800	$ 10	153,600	$ 10
Expired during the period	(4,500)	10	(7,500)	10
Exercised during the period	(80,300)	10	(58,300)	10
Outstanding shares on December 31	**3,000**	10	**87,800**	10
Exercisable shares on December 31	**3,000**	10	**87,800**	10

As of December 31, 2020 and 2019, the weighted-average remaining contractual life of the outstanding options was 0.67 and 1.67 years, respectively.

The issuance terms of the share options are as follows.

1) Exercise price: NT$10 per share.

2) Exercisable duration:

a) The first employee stock options plan:

The employees who received share options being granted over two years can exercise a specific percentage in each period as below. The exercisable duration of the options is seven years. No transfer is allowed except for inheritance. After the expiration of the exercisable duration, the unexercised options will be canceled by CBN and not be re-issued anymore.

Period to exercise options	Exercisable percentage (cumulative)
2 years after options received	40 %
3 years after options received	70 %
4 years after options received	100 %

b) The second employee stock option plan:

The employees who received share options being granted over two years and are still employed by CBN and meet requirements can exercise a specific percentage in each period as stated below. The exercisable duration of the options is seven years. No transfer is allowed except for inheritance. After the expiration of the exercisable duration, the unexercised options will be canceled by CBN and not re-issued anymore.

Period to exercise options	Exercisable percentage (cumulative)
2 years after options received	40 %
3 years after options received	70 %
4 years after options received	100 %

c) The third employee stock option plan:

The employees who received share options being granted over five months and are still employed by CBN and meet requirements can exercise a specific percentage in each period as stated below. The exercisable duration of the options is five years. No transfer is allowed except for inheritance. After the expiration of the exercisable duration, the unexercised options will be canceled by CBN and not re-issued anymore.

Period to exercise options	Exercisable percentage (cumulative)
5 months after options received	100 %

d) Exercise method: CBN would issue new shares as the options are exercised.

e) Exercise procedure: In accordance with CBN's issuance and exercise rules, after receiving the consideration of share options, the entitlement certification of share options exercised is registered as ordinary shares once a quarter.

The compensation cost for the years ended December 31, 2020 and 2019 were $(68) and $(112), respectively.

CBN adopted the Black-Scholes model to estimate the fair value on the grant date, and the assumptions are summarized as follows:

A. The first employee stock option plan:

Original exercise price (NT dollars)	$10
Current price (NT dollars)	25
Expected dividend yield rate	0%
Expected volatility	38.25~38.64%
Risk-free interest rate	0.91~1.02%
Expected life of the option	4.5~5.5 years
Weighted average fair value (NT dollars per share)	16.10~16.49

B. The second employee stock option plan:

Original exercise price (NT dollars)	$10
Current price (NT dollars)	37.02
Expected dividend yield rate	0%
Expected volatility	31.07~32.77%
Risk-free interest rate	1.17~1.33%
Expected life of the option	4.5~5.5 years
Weighted average fair value (NT dollars per share)	27.62~27.92

C. The third employee stock option plan:

Original exercise price (NT dollars)	$10
Current price (NT dollars)	24.62
Expected dividend yield rate	0%
Expected volatility	35.87%
Risk-free interest rate	0.56%
Expected life of the option	2.55 years
Weighted average fair value (NT dollars per share)	14.96

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(v) Earnings per share

The Group's basic and diluted earnings per share are calculated as follows:

	2020	2019
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 9,361,893	6,955,899
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	$ 9,361,893	6,955,899
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares		
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Effect of potential diluted common stock		
Employee compensation (in thousands)	57,482	49,860
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	4,414,612	4,406,990

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020		
	IT Product Segment	**Strategically Integrated Product Segment**	**Total**
Primary geographical markets:			
United states	$ 438,786,641	8,106,885	446,893,526
China	127,004,385	568,651	127,573,036
Netherlands	83,549,764	1,340,450	84,890,214
United Kingdom	45,786,475	4,637,401	50,423,876
India	30,381,598	299,945	30,681,543
Others	289,655,093	18,811,963	308,467,056
	$ 1,015,163,956	**33,765,295**	**1,048,929,251**
Major products:			
5C related electronics products	$ 1,013,091,503	33,191,331	1,046,282,834
Others	2,072,453	573,964	2,646,417
	$ 1,015,163,956	**33,765,295**	**1,048,929,251**

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	2019		
	IT Product Segment	**Strategically Integrated Product Segment**	**Total**
Primary geographical markets:			
United states	$ 376,459,888	2,539,578	378,999,466
China	103,116,226	456,189	103,572,415
Netherlands	97,981,478	977,438	98,958,916
United Kingdom	43,967,861	512,219	44,480,080
India	40,566,291	3,853,215	44,419,506
Germany	29,552,389	9,532,350	39,084,739
Others	255,902,806	15,024,418	270,927,224
	$ 947,546,939	**32,895,407**	**980,442,346**
Major products:			
5C related electronics products	$ 945,416,514	32,478,954	977,895,468
Others	2,130,425	416,453	2,546,878
	$ 947,546,939	**32,895,407**	**980,442,346**

(ii) Contract balances

	December 31, 2020	**December 31, 2019**	**January 1, 2019**
Notes and accounts receivable (including related parties)	$ 236,120,826	195,665,380	207,794,674
Less: allowance for impairment	(3,910,928)	(3,928,716)	(4,020,603)
Total	**$ 232,209,898**	**191,736,664**	**203,774,071**
Contract liabilities	**$ 820,016**	**956,455**	**1,476,304**

For the details on accounts receivable and allowance for impairment, please refer to note (6)(e).

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that were included in the balance of contract liability at the beginning of the period were $877,822 and $1,419,929, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(x) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent (2%) thereof and to directors as compensations in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act (Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies who meet certain conditions after the Company's articles of incorporation amended on June 21, 2019).

The Company accrued and recognized its employee compensation of $974,694 and $731,322, respectively, and directors' compensation of $51,541 and $38,672 for the years ended December 31, 2020 and 2019, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting, the related information can be accessed through the Market Observation Post System website. There is no difference between the amount approved in the meeting of the Board of Directors and those recognized in the financial statements in 2020 and 2019.

There is no difference between the amount estimated and recognized in the financial statements in 2019. The related information can be accessed through the Market observation Post System website.

(y) Non-operating income and expenses

(i) Interest income

		2020	2019
Interest income from bank deposits	$	1,635,953	1,656,317
Interest income from financial assets measured at amortized cost		-	2,992
Other interest income		304	5,494
Total Interest income	**$**	**1,636,257**	**1,664,803**

(ii) Other income

The other incomes for the years ended December 31, 2020 and 2019, were as follows:

	2020	2019
Dividend revenue	$ 108,996	127,349
Other revenue	384,924	359,205
	$ 493,920	**486,554**

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2020 and 2019, were as follows:

	2020	2019
Gains on disposal of investments	$ 29,757	66,837
Gains on financial assets and liabilities at fair value through profit or loss, net	279,262	408,943
Foreign currency exchange losses, net	(73,475)	(682,207)
Gains (losses) on disposal of property, plant, and equipment, net	25,499	40,245
Others	-	49
	$ 261,043	**(166,133)**

(z) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the years ended December 31, 2020 and 2019, were as follows:

	2020	2019
Cash flow hedge:		
Gains (losses) from current period	(12,483)	(26,649)
Less: reclassification of gains and losses included in profit or loss	(15,162)	(21,778)
Profit (loss) recognized in other comprehensive income	**2,679**	**(4,871)**

(aa) Financial instruments

(i) Credit risk

1) The carrying amount of financial assets represents the maximum amount exposed to credit risk. The Group's customers are mainly from the high-tech industry. The Group does not concentrate on a specific customer and the sales regions are widely spread, thus there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Group constantly assesses the financial status of the customers.

2) Receivables and debt securities

For information of exposure to credit risk of notes and accounts receivable, please refer to note (6)(e).

Other financial assets at amortized cost include other receivables, and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g)) of the consolidated financial statements for the year ended December 31, 2020. Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The movements in the allowance for the years ended December 31, 2020 and 2019 were as follows:

	Other receivables
Balance on January 1, 2020	$ 1,012
Impairment losses recognized (reversed)	1,380
Balance on December 31, 2020	**$ 2,392**
Balance on January 1, 2019	$ 3,577
Impairment losses recognized (reversed)	(2,565)
Balance on December 31, 2019	**$ 1,012**

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(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. Except for lease liabilities and bonds payable, the amounts exclude estimated interest payments.

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2020					
Non-derivative financial liabilities					
Secured borrowings	$ 228,913	(228,913)	(77,175)	(77,175)	(74,563)
Unsecured borrowings	111,944,173	(111,944,173)	(101,694,173)	(5,125,000)	(5,125,000)
Lease liabilities－current and non-current	2,287,762	(2,401,961)	(486,124)	(562,952)	(1,352,885)
Notes and accounts payable	199,726,063	(199,726,063)	(199,726,063)	-	-
Other payables	23,397,683	(23,397,683)	(23,397,683)	-	-
Bonds payable	980,219	(1,000,000)	-	(1,000,000)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	130,865	(5,279,091)	(5,279,091)	-	-
Inflow		5,143,059	5,143,059	-	-
Swap contracts:	5,752				
Outflow		(1,295,840)	(1,295,840)	-	-
Inflow		1,285,715	1,285,715	-	-
Forward exchange contracts used for hedging:	2,192				
Outflow		(209,640)	(209,640)	-	-
Inflow		208,331	208,331	-	-
	$ 338,703,622	(338,846,259)	(325,528,684)	(6,765,127)	(6,552,448)
December 31, 2019					
Non-derivative financial liabilities					
Secured borrowings	$ 98,438	(98,438)	(39,375)	(39,375)	(19,688)
Unsecured borrowings	86,601,844	(86,601,844)	(79,101,844)	(1,925,000)	(5,575,000)
Lease liabilities－current and non-current	2,267,088	(2,369,246)	(754,412)	(416,167)	(1,198,667)
Notes and accounts payable	144,445,777	(144,445,777)	(144,445,777)	-	-
Other payables	21,916,685	(21,916,685)	(21,916,685)	-	-
Bonds payable	966,492	(1,000,000)	-	-	(1,000,000)
Derivative financial liabilities					
Forward exchange contracts:	5,854				
Outflow		(736,484)	(736,484)	-	-
Inflow		732,377	732,377	-	-
Forward exchange contracts used for hedging:	4,932				
Outflow		(1,423,089)	(1,423,089)	-	-
Inflow		1,433,921	1,433,921	-	-
	$ 256,307,110	(256,425,265)	(246,251,368)	(2,380,542)	(7,793,355)

(Continued)

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: thousands of foreign currency / thousands of New Taiwan Dollars

	December 31, 2020			December 31, 2019		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD to TWD	$ 13,926,339	28.48	396,622,135	7,070,270	29.98	211,966,695
USD to CNY	13,381	6.5386	381,091	10,525	6.9667	315,540
EUR to TWD	60,677	35.02	2,124,909	88,303	33.59	2,966,098
CNY to USD	3,646,117	0.1529	15,877,352	2,577,002	0.1435	11,086,598
Non-monetary items						
THB to TWD	516,989	0.9502	491,243	446,859	1.0028	448,110
Financial liabilities						
Monetary items						
USD to TWD	14,056,045	28.48	400,316,162	6,441,501	29.98	193,116,200
USD to CNY	3,132	6.5386	89,199	5,424	6.9667	162,612
USD to BRL	131,487	5.1967	3,744,750	142,432	3.8322	4,270,111
EUR to TWD	12,616	35.02	441,812	42,554	33.59	1,429,389
CNY to USD	3,149,932	0.1529	13,716,669	3,182,008	0.1435	13,689,412

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against Group entities' functional currency as of December 31, 2020 and 2019, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	December 31, 2020	**December 31, 2019**
USD (against the TWD)		
Strengthening 5%	$ (184,701)	942,525
Weakening 5%	184,701	(942,525)

	December 31, 2020	December 31, 2019
USD (against the CNY)		
Strengthening 5%	14,595	7,646
Weakening 5%	(14,595)	(7,646)
USD (against the BRL)		
Strengthening 5%	(187,238)	(213,506)
Weakening 5%	187,238	213,506
EUR (against the TWD)		
Strengthening 5%	84,155	76,835
Weakening 5%	(84,155)	(76,835)
CNY (against the USD)		
Strengthening 5%	108,034	(130,141)
Weakening 5%	(108,034)	130,141

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2020 and 2019, the foreign exchange gains (losses), including both realized and unrealized, amounted to $73,475 and $682,207, respectively.

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible interval of interest rate change.

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the years ended December 31, 2020 and 2019, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

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		2020	2019
Interest increased by 0.25%	$	24,312	(13,164)
Interest decreased by 0.25%		(24,312)	13,164

(v) Fair value information

1) The categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss, financial instruments used for hedging and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	December 31, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss─current and non-current					
Derivative financial assets for non-hedging	$ 11,069	-	11,069	-	11,069
Non-derivative financial assets mandatorily measured at fair value through profit or loss	2,435,793	-	2,234,184	201,609	2,435,793
Subtotal	2,446,862				
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,972,849	1,972,849	-	-	1,972,849
Stocks listed on foreign markets	491,243	491,243	-	-	491,243
Stocks unlisted on domestic markets	2,152,542	-	-	2,152,542	2,152,542
Stocks unlisted on foreign markets	200,377	-	-	200,377	200,377
Accounts receivable	38,429,954	-	38,429,954	-	38,429,954
Subtotal	43,246,965				
Financial assets measured at amortized cost					
Cash and cash equivalents	89,126,923	-	-	-	-
Notes and accounts receivable, net	193,401,010	-	-	-	-
Notes and accounts receivable due from related parties, net	378,934	-	-	-	-
Other receivables	1,628,657	-	-	-	-
Guarantee deposits	522,213	-	-	-	-
Subtotal	285,057,737				
Total	$ 330,751,564				

(Continued)

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	December 31, 2020				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	$ 136,617	-	136,617	-	136,617
Derivative financial liabilities for hedging	2,192	-	2,192	-	2,192
Financial liabilities measured at amortized cost					
Short-term borrowings	92,838,733	-	-	-	-
Notes and accounts payable	196,837,439	-	-	-	-
Notes and accounts payable to related parties	2,888,624	-	-	-	-
Other payables	23,397,683	-	-	-	-
Bonds payable	980,219	-	-	-	-
Lease liabilities－current and non-current	2,287,762	-	-	-	-
Long-term borrowings current portion	8,932,615	-	-	-	-
Long-term borrowings	10,401,738	-	-	-	-
Deposits received	285,232	-	-	-	-
Subtotal	338,850,045				
Total	$ 338,988,854				

	December 31, 2019				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss─current and non-current					
Derivative financial assets for non-hedging	$ 15,921	-	15,921	-	15,921
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,445,817	-	1,330,458	115,359	1,445,817
Subtotal	1,461,738				
Financial assets used for hedging	61	-	61	-	61
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,055,890	2,055,890	-	-	2,055,890
Stocks listed on foreign markets	448,110	448,110	-	-	448,110
Stocks unlisted on domestic markets	2,246,932	-	-	2,246,932	2,246,932
Stocks unlisted on foreign markets	177,121	-	-	177,121	177,121
Accounts receivable	28,007,745	-	28,007,745	-	28,007,745
Subtotal	32,935,798				

(Continued)

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	December 31, 2019				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalents	66,559,397	-	-	-	-
Notes and accounts receivable, net	163,684,407	-	-	-	-
Notes and accounts receivable due from related parties, net	44,512	-	-	-	-
Other receivables	2,006,113	-	-	-	-
Refundable deposits	335,897	-	-	-	-
Subtotal	232,630,326				
Total	$ 267,027,923				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	$ 5,854	-	5,854	-	5,854
Financial liabilities used for hedging	4,932	-	4,932	-	4,932
Financial liabilities measured at amortized cost					
Short-term borrowings	60,951,844	-	-	-	-
Notes and accounts payable	142,940,869	-	-	-	-
Notes and accounts payable to related parties	1,504,908	-	-	-	-
Other payables	21,916,685	-	-	-	-
Bonds payable	966,492	-	-	-	-
Lease liabilities－current and non-current	2,267,088	-	-	-	-
Long-term borrowings current portion	18,189,375	-	-	-	-
Long-term borrowings	7,559,063	-	-	-	-
Deposits received	188,815	-	-	-	-
Subtotal	256,485,139				
Total	$ 256,495,925				

2) Fair value valuation technique of financial instruments not measured at fair value

The Group estimates financial instruments that not measured at fair value by methods and assumption as follows:

a) Financial assets and liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed company is determined by reference to the market quotation.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Transfer from one level to another

There was no transfer from one level to another in the year ended December 31, 2020.

The Group held an investment in equity of Crystalvue Medical Corporation ("Crystalvue"), which were classified as fair value through other comprehensive income. The fair value of the investment was categorized as level 3 as of December 31, 2018, because the shares were not listed on the exchange market and was measured by significant unobservable inputs. In December 2019, Crystalvue's shares were listed on the exchange market, wherein they are actively traded. Currently, the equity shares have quoted market price in an active market; therefore, the category was transferred from level 3 to level 1 as of December 31, 2019.

5) Changes in level 3

The change in level 3 at fair value in the years ended December 31, 2020 and 2019, were as follow:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2020	$ 115,359	2,424,053	2,539,412
Total gains and losses recognized:			
In profit or loss	9,575	-	9,575
In other comprehensive income	-	(34,716)	(34,716)
Purchased	76,675	29,369	106,044
Disposal	-	(52,105)	(52,105)
Proceeds of capital reduction of investment	-	(6,933)	(6,933)
Effect of changes in exchange rates	-	(6,749)	(6,749)
Balance on December 31, 2020	$ 201,609	2,352,919	2,554,528
Balance on January 1, 2019	$ 69,390	2,041,463	2,110,853
Total gains and losses recognized:			
In profit or loss	(9,627)	-	(9,627)
In other comprehensive income	-	210,191	210,191
Purchased	55,596	208,665	264,261
Disposal	-	(791)	(791)
Proceeds of capital reduction of investment	-	(10,120)	(10,120)
Transferred out from Level 3	-	(20,498)	(20,498)
Effect of changes in exchange rates	-	(4,857)	(4,857)
Balance on December 31, 2019	$ 115,359	2,424,053	2,539,412

For the years ended December 31, 2020 and 2019, total gains and losses that were included in "other gains and losses, net" and "unrealized gains and losses from equity instruments at fair value through other comprehensive income", respectively, were as follows:

		2020	2019
Total gains and losses recognized:			
In profit or loss before tax (as "other gains and losses")	$	9,575	(9,627)
In other comprehensive income (as "unrealized gains and losses from equity instruments at fair value through other comprehensive income")	$	8,834	210,191

6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that use level 3 input to measure fair values include financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Most of fair value measurements of the Group which are categorized as equity investment into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

The quantified information for significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income－equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.72~7.9 and 1.4~5.64, respectively, on December 31, 2020 and 2019)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings 14.68 and 3.12~16.6, respectively, on December 31, 2020 and 2019)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (35%~85% and 35%~85%, respectively, on December 31, 2020 and 2019)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

(Continued)

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

7) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impacts on other comprehensive income or loss are as follows:

			Other comprehensive income	
	Input	Move up or down	Favorable change	Unfavorable change
December 31, 2020				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 36,119	35,448
	Multiples of earnings	5%	$ 5,734	5,801
	Lack-of-Marketability discount rate	5%	$ 3,942	3,942
December 31, 2019				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 28,209	27,261
	Multiples of earnings	5%	$ 21,481	19,524
	Lack-of-Marketability discount rate	5%	$ 12,886	12,938

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

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8) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards NO. 32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

Unit: thousands of New Taiwan Dollars / thousands of US Dollars

December 31, 2020

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d) Financial instruments	Amounts not offset in the balance sheet (d) Cash collateral received	Net amount (e)=(c)-(d)
Other current assets	$ 199,267,863	199,267,863	-	-	-	-
	(USD 6,996,765)	(USD 6,996,765)				

December 31, 2020

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d) Financial instruments	Amounts not offset in the balance sheet (d) Cash collateral received	Net amount (e)=(c)-(d)
Short-term borrowings	$ 199,267,863	199,267,863	-	-	-	-
	(USD 6,996,765)	(USD 6,996,765)				

December 31, 2019

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d) Financial instruments	Amounts not offset in the balance sheet (d) Cash collateral received	Net amount (e)=(c)-(d)
Other current assets	$ 104,757,401	104,757,401	-	-	-	-
	(USD 3,494,243)	(USD 3,494,243)				

(Continued)

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	December 31, 2019						
	Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)		Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d) Financial instruments	Cash collateral received	Net amount (e)=(c)-(d)
Short-term borrowings	$	104,757,401	104,757,401	-	-	-	-
	(USD	3,494,243)	(USD 3,494,243)				

(ab) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Group. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Group has business with. As of December 31, 2020 and 2019, the Group did not provide any guarantees to other companies besides its subsidiaries.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(m) and (6)(n) for unused credit lines of short-term and long-term borrowings as of December 31, 2020 and 2019.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group. The currencies used in these transactions are primarily denominated in TWD, USD, EUR and CNY.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Group buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The Group borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. Therefore, the Group manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

3) Other price risk

The Group is exposed to equity price risk arising from investments in listed equity securities.

(ac) Capital management

The policy of capital management made by the Board of Directors is to maintain a strong capital base so as to stabilize the confidence of the investors, creditors and the public market and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2020 and 2019, the debt ratio was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 350,936,048	267,889,075
Total assets	$ 466,925,698	382,648,419
Debt ratio	75 %	70 %

The Group could purchase its own shares in the public market in accordance with the corresponding rules and regulations. The timing of the purchases depends on market prices.

As of December 31, 2020, there were no changes in the Group’s approach of capital management.

(ad) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019 were acquisition of right-of-use assets by leasing, please refer to note (6)(l).

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2020	Cash flow	Other non-cash changes	December 31, 2020
Short-term borrowings	$ 60,951,844	31,886,889	-	92,838,733
Proceeds from issuance of convertible bonds	966,492	-	13,727	980,219
Long-term borrowings	25,748,438	(6,414,085)	-	19,334,353
Lease liabilities	2,267,088	(846,836)	867,510	2,287,762
Guarantee deposits and others	246,038	92,634	1,459	340,131
Total liabilities from financing activities	**$ 90,179,900**	**24,718,602**	**882,696**	**115,781,198**

	January 1, 2019	Cash flow	Other non-cash changes	December 31, 2019
Short-term borrowings	$ 72,350,197	(11,398,353)	-	60,951,844
Proceeds from issuance of convertible bonds	-	1,007,240	(40,748)	966,492
Long-term borrowings	28,534,063	(2,785,625)	-	25,748,438
Lease liabilities	2,089,950	(832,815)	1,009,953	2,267,088
Guarantee deposits and others	238,324	(34,005)	41,719	246,038
Total liabilities from financing activities	**$ 103,212,534**	**(14,043,558)**	**1,010,924**	**90,179,900**

(7) Related-party transactions:

(a) Name and relationship with related parties

The followings are the entities that have had transactions with the Group during the periods covered in the consolidated financial statement.

Name of related party	Relationship with the Group
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Hong Ya Technology Corporation (“Hong Ya Technology”)	An associate
Avalue	An associate

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Name of related party	Relationship with the Group
Crownpo Technology Inc. (“Crownpo”)	An associate
Allied Circuit	An associate
Kinpo Group Management Consultant Company (“Kinpo Group Management”)	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
Compal Connector Manufacture Ltd. (“CCM”)	A joint venture company
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
AcBel Polytech Inc. and its subsidiaries (“AcBel”)	The same Chairman of the Board with the Company
Cal-Comp Electronics & Communications Company Limited	The same Chairman of the Board with the Company

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	2020	2019
Short-term employee benefits	$ 724,350	671,762
Post-employment benefits	8,267	8,225
Share-based payments	19,033	30,276
	$ 751,650	710,263

There are no termination benefits and other long-term benefits. Please refer to note (6)(u) for explanations related to share-based payments.

(c) Significant related-party transactions

(i) Sale of goods to related parties

The amounts of significant sales transactions between the Group and related parties were as follows:

	2020	2019
Associates	$ 240,161	288,629
Other related parties	610,517	24
Joint venture	222	-
	$ 850,900	288,653

Sales prices for related parties were similar to those of the third-party customers. The collection period was 60~120 days for related parties.

(ii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Group and related parties were as follows:

	2020	2019
Associates	$ 4,596,352	3,678,644
Other related parties	2,956,322	1,663,747
Joint venture	-	31,150
	$ 7,552,674	5,373,541

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~165 days for related parties.

(iii) Receivables due from relate parties

The receivables arising from the transactions mentioned above and others on behalf of related parties were as follows:

Account	Related party categories	December 31, 2020	December 31, 2019
Notes and accounts receivable	Associates	$ 29,643	44,493
Notes and accounts receivable	Other related parties	349,291	19
Other receivables	Other related parties	64	62
Other receivables	Joint venture	908	-
		$ 379,906	44,574

(iv) Payables to related parties

The payables arising from the transactions mentioned above and rendering of services from other related parties were as follows:

Account	Related party categories	December 31, 2020	December 31, 2019
Notes and accounts payable	Associates	$ 1,632,862	764,129
Notes and accounts payable	Other related parties	1,255,762	740,742
Notes and accounts payable	Joint venture	-	37
Other payables	Associates	600	-
		$ 2,889,224	1,504,908

(Continued)

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(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged Assets	Subject	December 31, 2020	December 31, 2019
Other current assets	Bail for court mandatory execution	$ 41,090	41,090
Property, plant and equipment	Long-term borrowings (including current portion)	486,581	249,445
Other non-current assets	Guarantee of post-release duty payment to the customs and guarantee of the customs	500	500
		$ 528,171	291,035

(9) Commitments and contingencies:

The details of commitments and contingencies were as follows:

(a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutors Office against the Group concerning its former employees who joined the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter. Currently, the case is still in progress; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.

(b) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.

(c) As of December 31, 2020 and 2019, the Group’s signed commitments to purchase property, plant and equipment amounted to $473,370 and $548,202, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(a) The employee benefits, depreciation and amortization expenses by categorized function are summarized as follows:

By function	2020			2019		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	17,777,589	12,789,968	30,567,557	18,163,713	12,202,863	30,366,576
Labor and health insurance	841,733	835,965	1,677,698	909,916	816,727	1,726,643
Pension	883,287	500,044	1,383,331	1,219,607	504,059	1,723,666
Others	2,216,080	599,320	2,815,400	2,075,648	623,657	2,699,305
Depreciation	4,684,438	1,032,002	5,716,440	5,029,744	944,616	5,974,360
Amortization	47,195	429,350	476,545	77,908	367,153	445,061

(13) Other disclosures:

(a) Information on significant transactions

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2020:

(i) Loans to other parties: Please refer to Table 1

(ii) Guarantees and endorsements for other parties: Please refer to Table 2

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 4

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 5

(vi) Disposals of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 6

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 7

(ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)

(x) Business relationships and significant intercompany transactions: Please refer to Table 8

(b) Information on investees: Please refer to Table 9

(c) Information on investment in mainland China: Please refer to Table 10

(d) Major shareholders: There were no shareholders holding more than 5% shares.

(14) Segment information:

(a) General information

The Group’s information technology product segment is primarily engaged in the development, manufacture and sale of information technology products and mobile communication products. The strategy integrate product segment is primarily engaged in the research, development, manufacture and sale of networking products.

(b) Reportable segments and operating segment information

Accounting policies for the operating segments correspond to those stated in note 4. The profit and loss of the operating segment of the Group is measured by earnings before taxes and as the basis for performance measurement. The amount of the Group's reportable segments consistent with the one in the report that the operating decision maker used, and the Group does not allocate assets and liabilities to the reportable segments for the purpose of operating decisions to measure assets and liabilities of segments.

The operating segment information was as follows:

	2020			
	Information technology product segment	**Strategy integrated product segment**	**Adjustment and elimination**	**Total**
Revenue				
Revenue from external customers	$ 1,015,163,956	33,765,295	-	1,048,929,251
Interest revenue	1,590,643	45,614	-	1,636,257
Total revenue	**$ 1,016,754,599**	**33,810,909**	**-**	**1,050,565,508**
Interest expense	$ 1,102,805	46,410	-	1,149,215
Depreciation and amortization	5,675,006	517,979	-	6,192,985
Investment gain (loss)	435,657	-	-	435,657
Other significant non-cash items:				
Impairment of assets	-	-	-	-
Reportable segment profit	**$ 10,793,917**	**2,328,799**	**-**	**13,122,716**
Reportable segment assets				$ 466,925,698
Reportable segment liabilities				$ 350,936,048

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	2019			
	Information technology product segment	**Strategy integrated product segment**	**Adjustment and elimination**	**Total**
Revenue				
Revenue from external customers	$ 947,546,939	32,895,407	-	980,442,346
Interest revenue	1,593,904	70,899	-	1,664,803
Total revenue	$ 949,140,843	32,966,306	-	982,107,149
Interest expense	$ 2,669,003	56,561	-	2,725,564
Depreciation and amortization	5,991,303	428,118	-	6,419,421
Investment gain (loss)	197,008	-	-	197,008
Other significant non-cash items:				
Impairment of assets	-	-	-	-
Reportable segment profit	$ 8,307,224	1,700,652	-	10,007,876
Reportable segment assets				$ 382,648,419
Reportable segment liabilities				$ 267,889,075

(c) Products information

The information of revenue from external customers:

Products and services	**2020**	**2019**
5C related electronic products	$ 1,046,282,834	977,895,468
Others	2,646,417	2,546,878
	$ 1,048,929,251	980,442,346

(d) Geographic information

Stated below are the geographic information on the Group's sales presented by destination of sales and non-current assets presented by location.

(i) Revenue from external customers:

Country	**2020**	**2019**
United States	$ 446,893,526	378,999,466
China	127,573,036	103,572,415
Netherlands	84,890,214	98,958,916
Others	389,572,475	398,911,549
	$ 1,048,929,251	980,442,346

(Continued)

(ii) Non-current assets:

Country	2020	2019
China	$ 14,963,036	13,525,794
Taiwan	9,373,521	10,389,632
Others	3,645,754	1,578,056
	$ 27,982,311	25,493,482

Non-current assets include plant, property and equipment, right-of-use assets, intangible assets, and other assets, excluding deferred tax assets.

(e) The details of sales revenue from external customers more than 10% of the amount of consolidated statement of comprehensive income were as follows:

	2020	2019
D Company	$ 431,621,595	390,210,303
F Company	240,039,272	212,262,458
A Company	120,376,434	96,591,070
E Company	75,903,386	105,890,275
	$ 867,940,687	804,954,106

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(December 31, 2020)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	CVC	Other receivables	Y	302,500	-	-	3.20%	Short-term financing	-	Operating demand	-	-	-	21,366,501	42,733,002	(Note 1)
0	The Company	UCGI	Other receivables	Y	500,000	250,000	220,000	1.08%~1.20%	Short-term financing	-	Operating demand	-	-	-	21,366,501	42,733,002	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	1.08%~1.20%	Short-term financing	-	Operating demand	-	-	-	21,366,501	42,733,002	(Note 1)
0	The Company	CEB	Other receivables	Y	3,013,500	1,424,000	1,424,000	2.05%~3.50%	Short-term financing	-	Operating demand	-	-	-	21,366,501	42,733,002	(Note 1)
1	CIH	CEP	Other receivables	Y	163,655	56,960	56,960	3.50%	Short-term financing	-		-	-	-	35,228,322	35,228,322	(Note 2)
2	CPC	CDE	Other receivables	Y	2,610,900	1,313,100	1,313,100	2.20%	Short-term financing	-	Operating demand	-	-	-	1,987,846	1,987,846	(Note 3)
2	CPC	CIC	Other receivables	Y	437,900	437,700	-	2.20%	Short-term financing	-	Operating demand	-	-	-	1,987,846	1,987,846	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	4,154,500	1,993,600	1,606,272	2.00%~2.76%	Short-term financing	-	Operating demand	-	-	-	20,913,770	20,913,770	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	65,685	65,655	65,655	4.35%	Short-term financing	-	Operating demand	-	-	-	20,913,770	20,913,770	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	1,642,410	966,800	966,800	2.00%~4.35%	Short-term financing	-	Operating demand	-	-	-	2,810,936	2,810,936	(Note 5)
4	CPO	CIT	Other receivables	Y	656,850	656,550	-	2.20%	Short-term financing	-	Operating demand	-	-	-	2,810,936	2,810,936	(Note 5)
5	CET	BT	Other receivables	Y	262,740	262,620	65,655	2.20%	Short-term financing	-	Operating demand	-	-	-	4,761,295	4,761,295	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	582,000	569,600	569,600	2.00%	Short-term financing	-	Operating demand	-	-	-	8,030,522	8,030,522	(Note 7)
7	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	1.08%~1.2%	Short-term financing	-	Operating demand	-	-	-	2,222,153	2,222,153	(Note 8)
8	Arcadyan	Acradyan Brasil	Other receivables	Y	56,960	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,321,872	4,643,744	(Note 9)
8	Arcadyan	Acradyan Brasil	Other receivables	Y	56,960	56,960	37,024	1.00%	Short-term financing	-	Operating financing	-	-	-	2,321,872	4,643,744	(Note 9)
8	Arcadyan	Arcadyan UK	Other receivables	Y	199,360	-	-	1.00%	Transaction for business between two parties	4,272,000	-	-	-	-	2,321,872	4,643,744	(Note 9)
8	Arcadyan	Arcadyan UK	Other receivables	Y	284,800	284,800	-	1.00%	Transaction for business between two parties	4,475,717	-	-	-	-	2,321,872	4,643,744	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	256,320	-	-	1.00%	Transaction for business between two parties	569,600	-	-	-	-	455,680	4,643,744	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	256,320	256,320	-	1.00%	Transaction for business between two parties	5,530,446	-	-	-	-	2,321,872	4,643,744	(Note 9)
8	Arcadyan	Arcadyan Russia	Other receivables	Y	56,960	56,960	6,925	1.00%	Transaction for business between two parties	170,787	-	-	-	-	136,629	4,643,744	(Note 9)
9	Zhi-bao	Acradyan Brasil	Other receivables	Y	31,328	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	42,399	169,598	(Note 10)
10	Arcadyan Holding	CNC	Other receivables	Y	484,160	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,287,344	2,287,344	(Note 11)
10	Arcadyan Holding	CNC	Other receivables	Y	484,160	484,160	484,160	1.00%	Short-term financing	-	Operating financing	-	-	-	2,287,344	2,287,344	(Note 11)
11	SVA	CNC	Other receivables	Y	153,020	153,020	139,904	3.85%	Short-term financing	-	Operating financing	-	-	-	164,728	164,728	(Note 12)

Note 1: According to the Company' s Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be combined with the company's endorsements/guarantees for calculation. In addition, the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company is unrestricted by the aforesaid restriction of 80%, but the maximum amount shall not exceed 50% of the Company's lendable limit, and shall be combined with the company's amount of loans to others when calculating.

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Table 1 Loans to other parties:

(December 31, 2020)

Note 2: According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company' s endorsements/guarantees for the borrower when calculating.

Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower 's net worth, nor shall it exceed 50% of CPC' s total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company' s endorsements/guarantees for the borrower when calculating.

Note 4: According to CIT 's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower 's net worth, nor shall it exceed 50% of CIT ' s total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company' s endorsements/guarantees for the borrower when calculating.

Note 5: According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company' s endorsements/guarantees for the borrower when calculating.

Note 6: According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company' s endorsements/guarantees for the borrower when calculating.

Note 7: According to CIC 's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company' s endorsements/guarantees for the borrower when calculating.

Note 8: According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company, or the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 9: According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan' s endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.

Note 10: The total amount of loans to others shall not exceed 40% of the net worth of Zhi-bao. To borrowers having business relationship with Zhi-bao, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Zhi-bao. When a short-term financing facility is necessary, the borrower should be the investee of parent company, and the total amount for lending the borrower shall not exceed 10% of the net worth of the borrower.

Note 11: According to Arcadyan Holding's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/ guarantees for the borrower when calculating.

Note 12: Accroding to SVA's Procedure for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of SVA. To borrowers having business relationship with SVA, the total amount for lending the borrower shall not exceed 80% of the transation amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of SVA. Also, the amount shall bbe combined with the SVA's endorsements/gurarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be the investee of the parent company. The total amount for lending the borrower shall not exceed 20%of the net worth of SVA, and shall be combined with SVA's endorsenents/guarantees for the borrower when calculating . In addition, when lending to the parent company or its 100% directly and indirectly owned subsidiaries, the total amount or individual amount shall not exceed the net worth of the latest financial statements of SVA.

Note 13: The transactions had been eliminated in the consolidated financial statements.

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Table 2 Guarantees and endorsements for other parties:

(December 31, 2020)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements /guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEB	(Note 3)	26,708,126	60,500	56,960	56,960	-	0.05%	53,416,252	Y	-	-
0	The Company	CEP	(Note 2)	26,708,126	190,295	157,837	157,837	-	0.15%	53,416,252	Y	-	-

Note 1: According to the Company' s Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2: Subsidiary whose over 50% common stock is directly owned.

Note 3: Subsidiary whose over 50% common stock is indirectly owned.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 3 Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2020)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Note
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	686,325	3%	686,325	
	Kinpo Electronics, Inc. ("Kinpo")	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,507,132	9%	1,507,132	
	Cal-Comp Electronics (Thailand) Public Co., Ltd.	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	239,631	491,243	5%	491,243	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	26,701	10%	26,701	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	20,804	11%	20,804	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	60,680	3%	60,680	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	35,764	10%	35,764	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	663	6,920	3%	6,920	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	2,500	23,450	8%	23,450	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	76,740	19%	76,740	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		104,131			
	Total				3,039,890			
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	655,115	1%	655,115	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	23,172	281,546	2%	281,546	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	827,820	5%	827,820	
	AcBel	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	164,340	1%	164,340	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	5,769	115,378	3%	115,378	
	Others		Financial assets at fair value through other comprehensive income-non-current		197,139			
	Total				2,241,338			

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 3 Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2020)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Holding percentage (%)	Ending balance: Fair value	Note
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	380,246	-	380,246	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	175,783	6%	175,783	
Gempal	Others		Financial assets at fair value through other comprehensive income-non-current		2,313			
	Total				558,342			
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	7%	-	
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	42,840	7%	42,840	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	31,135	7%	31,135	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	8%	-	
	Total				73,975			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	7,920	-	7,920	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	(Note 2)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	128,160	-	128,160	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	4,356	17%	4,356	
CIT	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	1,470,031	-	1,470,031	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 3 Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2020)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Holding percentage (%)	Ending balance: Fair value	Note
CIC	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	261,366	-	261,366	
CET	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	241,113	-	241,113	
CNC	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	130,875	-	130,875	
CNC	Structured deposits–SPD Bank Yield Plus Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	130,799	-	130,799	

Note 1:The transaction had been eliminated in the consolidated financial statements.
Note 2:The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(For the year ended December 31, 2020)

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Others		Ending Balance	
					Shares/Units (thousands)	Amount	Shares/Units (thousands)	Amount	Shares/Units (thousands)	Price	Cost	Gain(loss) on disposal	Shares/Units (thousands)	Amount	Shares/Units (thousands)	Amount
CPC	Structured deposits– SPD Bank Yield Plus Structured Deposit	Financial assets at fair value through profit or loss-current	Shanghai Pudong Development Bank	-	-	394,013	-	385,196	-	784,688	779,209	5,479 (Note 2)	-	- (Note 1)	-	-
CIT	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	3,152,190	-	1,743,032	1,711,984	31,048 (Note 2)	-	29,825 (Note 1)	-	1,470,031
CIT	Structured deposits– SPD Bank Yield Plus Structured Deposit	Financial assets at fair value through profit or loss-current	Shanghai Pudong Development Bank	-	-	-	-	855,992	-	863,317	855,992	7,325 (Note 2)	-	- (Note 1)	-	-
CIT	Structured deposits- Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	641,994	-	646,956	641,994	4,962 (Note 2)	-	- (Note 1)	-	-
CEC	Structured deposits- Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	1,044,310	-	1,061,102	1,044,310	16,792 (Note 2)	-	- (Note 1)	-	-
CPO	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	941,591	-	958,576	941,591	16,985 (Note 2)	-	- (Note 1)	-	-
CPO	Structured deposits- Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	342,397	-	346,182	342,397	3,785 (Note 2)	-	- (Note 1)	-	-
CIC	Structured deposits- Bank of Communications Yun Tong Cai Fu. Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of Communications	-	-	-	-	427,996	-	436,110	427,996	8,114 (Note 2)	-	- (Note 1)	-	-
CIC	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	804,633	-	554,026	547,835	6,191 (Note 2)	-	4,568 (Note 1)	-	261,366
CET	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	449,395	-	217,649.00	213,998	3,651 (Note 2)	-	5,716 (Note 1)	-	241,113
CET	Structured deposits- The RMB "Open on schedule" Financial Product	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	855,992	-	867,292	855,992	11,300 (Note 2)	-	- (Note 1)	-	-
CET	Structured deposits- SPD Bank Yield Plus Structured Deposit	Financial assets at fair value through profit or loss-current	Shanghai Pudong Development Bank	-	-	437,840	-	427,996	-	871,923	865,836	6,087 (Note 2)	-	- (Note 1)	-	-
CET	Structured deposits- Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	1,198,388	-	1,211,355	1,198,388	12,967 (Note 2)	-	- (Note 1)	-	-

Note 1:Others were valuation gains and losses and foreign exchange gains and losses.
Note 2:Including gains and losses on disposal and foreign exchange gains and losses.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 5 Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(December 31, 2020)

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
CVC	Plant	September, 2020	The maximum limit of the overall project is 100 million US dollars.	Depending on progress in construction	L&K Engineering Vietnam, LLC., and Vietnam Jiuh Jiang Long, LLC.	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Price negotiation	Operating purpose	None
Arcadyan Vietnam	Plant and mechanical and electrical equipment	July 28, 2020 (Note 1)	Estimated 794,885 (Note 2)	Depending on progress in construction	Giza E&C etc.	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and price negotiation	Manufacturing purpose	None

Note 1: On July 28, 2020, the Board of Directors of Arcadyan Vietnam made a resolution to build plant by lease. The total contract amount is estimated to be 794,885 thousand (VND 691,204,153 thousand).

Note 2: As of December 31, 2020, contracts of hydrant, information equipment and renovation have not been signed and completed.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(For the year ended December 31, 2020)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	UCGI	Subsidiaries wholly owned by the Company	Sale	(362,834)	-	120 days	Similar to non-related parties	There is no significant difference	272,826	0.1%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(613,725)	(0.1)%	90 days	Similar to non-related parties	There is no significant difference	293,229	0.1%	(Note 2)
	Cal-Comp	With the same chairman	Sale	(476,501)	-	90 days	Similar to non-related parties	There is no significant difference.	307,456	0.1%	
	CEP	Subsidiaries wholly owned by the Company	Purchase	217,864	-	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	131,063,501	13.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary		(27.4)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	150,400,041	15.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(6,550,748)	(3.5)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	27,468,420	2.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(13,129,981)	(7.0)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	28,091,599	2.9%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(10,533,140)	(5.6)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	28,106,438	2.9%	Net 60 days from purchase	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(3,767,885)	(2.0)%	(Note 2)
	Henghao	Subsidiaries wholly owned by the Company	Purchase	120,250	-	120 days	Similar to non-related parties	There is no significant difference.	(5,448)	-	(Note 2)
	Palcom	Subsidiaries wholly owned by the Company	Sale	(101,649)	-	Net 60 days from delivery	Similar to non-related parties	There is no significant difference	11,627	-	(Note 2)
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(150,302,684)	(99.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	6,550,748	97.4%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(1,433,990)	(0.9)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	1,136,914	2.5%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	1,363,778	(0.9)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(1,288,223)	(2.0)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	133,166	(0.1)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(101,939)	(0.2)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(131,048,882)	(98.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	51,675,245	95.3%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(151,865)	-	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	69,475	0.1%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(1,377,997)	(0.3)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	1,288,223	1.0%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(2,473,443)	(0.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,548,460	1.2%	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(For the year ended December 31, 2020)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details: Purchase/ (Sale)	Transaction details: Amount	Transaction details: Percentage of total purchases/ (sales)	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment Terms	Notes/Accounts receivable (payable): Ending Balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	Purchase	589,141	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(5,576)	-	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Purchase	1,436,851	0.3%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(1,136,914)	(0.9)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(3,061,483)	(0.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,539,028	2.0%	(Note 2)
CBN	Compal Electronic, Inc.	Parent company	Purchase	610,939	32.0%	Net 90 days from delivery	-	There is no significant difference	(293,229)	(40.0)%	(Note 2)
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(28,308,716)	(97.8)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	10,533,140	87.7%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(427,368)	(0.4)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	5,576	-	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	2,472,797	2.1%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(1,548,460)	(5.0)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(764,533)	(0.6)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	2,360,423	7.3%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(986,502)	(0.8)%	120 days	According to markup pricing	There is no significant difference	1,380,707	4.3%	(Note 2)
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	975,309	10.5%	120 days	Similar to non-related parties	There is no significant difference	(1,380,707)	(43.5)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	152,379	1.6%	120 days	Similar to non-related parties	There is no significant difference	(69,475)	(4.7)%	(Note 2)
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(28,152,136)	(99.6)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	3,767,885	98.6%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	489,035	2.2%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(287,543)	(5.3)%	(Note 2)
UCGI	Compal Electronic, Inc.	Parent company	Purchase	370,916	86.6%	120 days	Similar to non-related parties	There is no significant difference	(272,826)	(99.9)%	(Note 2)
Palcom	Compal Electronic, Inc.	Parent company	Purchase	101,823	94.2%	Net 60 days from purchase	Similar to non-related parties	There is no significant difference	(11,627)	(96.7)%	(Note 2)
Henghao	Compal Electronic, Inc.	Parent company	Sale	(119,412)	1.1%	120 days	Similar to non-related parties	There is no significant difference	5,448	0.2%	(Note 2)
CEP	Compal Electronic, Inc.	Parent company	Sale	(234,154)	(99.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(27,689,174)	(97.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	13,129,981	97.2%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	3,064,654	10.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,539,028)	(11.8)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	759,770	2.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,360,423)	(11.0)%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(138,402)	0.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	101,939	(0.8)%	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(For the year ended December 31, 2020)

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Company Name	Counter party	Nature of relationship	Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	Note
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(505,022)	(1.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	287,543	2.0%	(Note 2)
Arcadyan	Acradyan Germany	Arcadyan's subsidiary	Sale	(867,017)	(3.0)%	Net 150 days from delivery	-	-	242,935	4.0%	(Note 2)
	Acradyan USA	Arcadyan's subsidiary	Sale	(5,413,289)	(18.0)%	Net 120 days from delivery	-	-	1,039,758	17.0%	(Note 2)
	Acradyan AU	Arcadyan's subsidiary	Sale	(1,394,596)	(5.0)%	Net 60 days from the end of the month	-	-	22,357	-	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	11,026,936	27.0%	Net 120 days from delivery	According to markup pricing	-	(3,407,485)	(40.0)%	(Note 1、2)
	Acradyan Vietnam	Arcadyan's subsidiary	Purchase	1,065,328	3.0%	Net 180 days from the end of the month	According to markup pricing	-	(Note 3)	-	(Note 1、2)
CNC	Arcadyan	With the same ultimate parent company	Sale	(11,026,936)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	3,407,485	94.0%	(Note 1、2)
Acradyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(1,065,328)	(100.0)%	Net 180 days from the end of the month	According to markup pricing	-	(Note 3)	-	(Note 1、2)
Acradyan Germany	Arcadyan	With the same ultimate parent company	Purchase	867,017	100.0%	Net 150 days from delivery	-	-	(242,935)	(100.0)%	(Note 2)
Acradyan USA	Arcadyan	With the same ultimate parent company	Purchase	5,413,289	100.0%	Net 120 days from delivery	-	-	(1,039,758)	(100.0)%	(Note 2)
Acradyan AU	Arcadyan	With the same ultimate parent company	Purchase	1,394,596	100.0%	Net 60 days from the end of the month of delivery	-	-	(22,357)	(100.0)%	(Note 2)

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.
Note 2: The transactions had been eliminated in the consolidated financial statements.
Note 3: The amount of other receivables on December 31, 2020 is 303,959 thousand dollars.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 7 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(December 31, 2020)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period		Allowance for bad debts
					Amount	Action taken			
The Company	CBN	The Company's subsidiary	293,229	1.97	-	-	176,313	(Note 1)	-
The Company	UCGI	The Company's subsidiary	272,826	2.28	-	-	-	(Note 1)	-
The Company	Cal-comp	With the same chairman	307,456	3.10	-	-	-	(Note 1)	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	6,550,748	7.39	-	-	-	(Note 1)	-
Just and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	1,136,914	2.52	-	-	-	(Note 1)	
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	51,675,245	2.44	-	-	51,675,245	(Note 1)	-
CIH and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	1,288,223	2.14	-	-	-	(Note 1)	
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	1,548,460	3.14	-	-	-	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,539,028	2.35	-	-	-	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	10,533,140	3.03	-	-	10,533,140	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,360,423	0.38	-	-	-	(Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,380,707	0.92	-	-	200,985	(Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	3,767,885	5.73	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	13,129,981	1.76	-	-	3,391,483	(Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	287,543	3.51	-	-	100,280	(Note 1)	-
HSI and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	101,939	2.72	-	-	95,173	(Note 1)	
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	242,935	2.73	-	-	216,165	(Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	1,039,758	2.91	-	-	1,019,515	(Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	303,959 (Note 3)	(Note 3)	-	-	7,278	(Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	3,407,485 (Note 4)	3.38	-	-	3,223,397	(Note 2)	-

Note 1:Balance as of March 16, 2021.

Note 2:Balance as of February 26, 2021.

Note 3:Other receivables due to purchasing on behalf of related parties.

Note 4:Accounts receivables due to processing raw material.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2020)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions: Accounts name	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The Company	CBN	1	Sales Revenue	613,725	There is no significant difference of price to non-related parties. The credit period is net 90 days.	0.1%
				Accounts Receivable	293,229	〃	0.1%
0	The Company	UCGI	1	Sales Revenue	362,834	There is no significant difference of price to non-related parties. The credit period is net 120 days.	-
				Accounts Receivable	272,826	〃	0.1%
0	The Company	Palcom	1	Sale Revenue	101,649	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery, and will be adjusted if necessary.	-
				Accounts Receivable	11,627	〃	-
1	JUST and its subsidiaries	The Company	2	Sales Revenue	150,302,684	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	14.3%
				Accounts Receivable	6,550,748	〃	1.4%
1	JUST and its subsidiaries	CIH and its subsidiaries	3	Sale Revenue	1,433,990	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	1,136,914	〃	0.2%
2	CIH and its subsidiaries	The Company	2	Sales Revenue	131,048,882	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.5%
				Accounts Receivable	51,675,245	〃	11.1%
2	CIH and its subsidiaries	CEB	3	Sales Revenue	151,865	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	69,475	〃	-
2	CIH and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	1,377,997	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	1,288,223	〃	0.3%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	2,473,443	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.2%
				Accounts Receivable	1,548,460	〃	0.3%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	3,061,483	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.3%
				Accounts Receivable	2,539,028	〃	0.5%
3	BCI and its subsidiaries	The Company	2	Sales Revenue	28,308,716	The price is based on BCI and its subsidiaries' operating cost. The credit period is net 120 days, and will be adjusted if necessary.	2.7%
				Accounts Receivable	10,533,140	〃	2.3%
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	427,368	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	5,576	〃	-

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2020)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions: Accounts name	Amount	Terms	Percentage of the consolidated net revenue or total assets
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	764,533	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	2,360,423	〃	0.5%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	986,502	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	1,380,707	〃	0.3%
4	Etrade and its subsidiaries	The Company	2	Sales Revenue	28,152,136	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	2.7%
				Accounts Receivable	3,767,885	〃	0.8%
5	Henghao	The Company	2	Sales Revenue	119,412	There is no significant difference of price to non-related parties. The credit period is net 120 days.	-
				Accounts Receivable	5,448	〃	-
6	CEP	The Company	2	Sales Revenue	234,154	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
7	HSI and its subsidiaries	The Company	2	Sales Revenue	27,689,174	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	2.6%
				Accounts Receivable	13,129,981	〃	2.8%
7	HSI and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	138,402	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	101,939	〃	-
7	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	505,022	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	287,543	〃	0.1%
8	Arcadyan	Arcadyan Germany	3	Sales Revenue	867,017	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
				Accounts Receivable	242,935	〃	0.1%
8	Arcadyan	Arcadyan USA	3	Sales Revenue	5,413,289	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	0.5%
				Accounts Receivable	1,039,758	〃	0.2%
8	Arcadyan	Arcadyan AU	3	Sales Revenue	1,394,596	There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.	0.1%
				Accounts Receivable	22,357	〃	-
8	Arcadyan	Arcadyan Vietnam	3	Other Receivable	303,959	The credit period is net 180 days from the end of the month of invoice date and depended on funding demand.	0.1%

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2020)

(In Thousands of New Taiwan Dollars)

				Intercompany transactions			
No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Accounts name	Amount	Terms	Percentage of the consolidated net revenue or total assets
9	CNC	Arcadyan	3	Processing Revenue	11,026,936	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	1.1%
				Accounts Receivable	3,407,485	〃	0.7%
10	Arcadyan Vietnam	Arcadyan	3	Processing Revenue	1,065,328	The credit period is net 180 days from the end of the month of invoice date and depended on funding demand.	0.1%

Note 1: The numbers filled in as follows:

1.0 represents the Company.

2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1. represents transactions between the parent company and its subsidiaries.
2. represents transactions between the subsidiaries and the parent company.
3. represents transactions between subsidiaries.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 9 The information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

(December 31, 2020)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	431,834	100	100%	8,266	8,266	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	7,734,191	48,010	100%	3,843	3,843	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	35,241,171	53,001	100%	2,502,193	2,502,193	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,911,705 (Note 1)	500,000	100%	9,328	(28,650)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,729,287 (Note 1)	90,000	100%	137,732	115,689	(Note 2)
	Kinpo Group management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,659	300		83	31	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	83,481	6,000	100%	12,248	6,849	(Note 2)
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	125,283	20,000	100%	(20,298)	(20,381)	(Note 2)
	Lead-Honor Optronics. Co., Ltd. (“Lead-Honor”)	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	2,772	42%	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,356,563	1	100%	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management&Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	2,773	600	100%	(1,340)	(1,519)	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	390,455	10,158	20%	531,744	108,556	
	Maxima Ventures I, Inc. (“Maxima”)	Taipei City	Investment	1,260	1,260	126	23%	5,699	126	23%	8,206	701	
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	73,564	100,000	52%	(23,856)	(12,414)	(Note 2)
	Lipo Holding Co., Ltd.(“Lipo”)	Cayman Islands	Investment	489,450	489,450	98	49%	575,047	98	49%	119,774	58,689	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	788,259	6,427	100%	6,256	6,256	(Note 2)
	ATK	Hsinchu City	Design, research & development, and selling of DVD, Combo, CD-RW Drives	-	-	-	-	-	-	-	56	15	(Note 2)
	Crownpo	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	58,126	3,739	33%	5,947	1,976	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,141,439	100,000	100%	110,567	110,567	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	351,308	29,500	100%	38,077	38,084	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	235,534	21,756	53%	17,515	9,735	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	124,827	3,000	100%	4,635	4,635	(Note 2)
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	20%	2,386,293	41,305	20%	1,713,942	339,600	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,796,528	89,755	100%	112,909	112,909	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,222	2,600	100%	(84)	(84)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	357,637	42,700	54%	(190,132)	(162,171)	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	18,666	136	100%	842	2,244	(Note 2)
	Hippo Screen	Taipei City	Management&Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	42,000	42,000	2,100	70%	16,949	4,200	70%	(26,086)	(17,920)	(Note 2)
	Infinno Technology Corporation (“Infinno”)	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	109,837	109,837	5,650	27%	13,017	5,650	27%	(15,372)	(4,182)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,529,757	5,529,757	20,015	100%	(269,253)	20,015	100%	10,001	8,553	(Note 2)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 9 The information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

(December 31, 2020)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2020	Original Investment Amount December 31, 2019	Ending Balance Shares	Ending Balance Percentage of Ownership	Ending Balance Carrying Value	The highest holdings in the period Shares	The highest holdings in the period Percentage of Ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	6,462,523	90,820	100%	613,030	613,030	(Note 2)
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	713,557	29,060	43%	46,723	20,297	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	125,319	29,500	100%	66,935	69,187	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	191,019	12,500	100%	68,396	68,396	(Note 2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	994,883	31,253	35%	142,340	49,423	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(719,895)	46,900	65%	155,770	(162,840)	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	572,869	100	100%	55,882	55,882	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,329,114	50	100%	(53,455)	(53,455)	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	199,999	100,000	10,000	100%	(381,227)	10,000	100%	(22,052)	(21,929)	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	112,424	10,000	100%	6,801	6,801	(Note 2)
	Avalue Technology, Inc.	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	559,189	14,924	21%	625,188	15,024	22%	215,886	47,355	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,356,671	147,000	100%	74,866	74,866	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	318,019	15,000	50%	24,262	12,032	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	37	-	-	100%	-	-	100%	(37)	(37)	(Note 2)
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory.	60,000	-	20,000	33%	59,852	20,000	33%	(27,062)	(148)	
	Raypal Biomedical Co.,Ltd.	Taipei City	Cancerousimmunocyte therapy and regenerative medicine	155,076	-	3,446	30%	151,051	3,446	30%	(38,071)	(4,025)	
								82,597,631				3,966,905	
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipments and materials import and manufacturing	279,202	279,202	8,192	4%	518,053	8,192	4%	1,713,942	Investment gain(losses) recognized by Panpal	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	112,513	2,927	6%	531,744	Investment gain(losses) recognized by Panpal	
	Others							306,536					
Gempal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipments and materials import and manufacturing	306,655	306,655	9,279	4%	611,802	9,279	4%	1,713,942	Investment gain(losses) recognized by Gempal	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	123,764	3,220	6%	531,744	Investment gain(losses) recognized by Gempal	
	Others							2,311					
Hong Ji	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipments and materials import and manufacturing	306,655	306,655	9,279	4%	611,802	9,279	4%	1,713,942	Investment gain(losses) recognized by Hong Ji	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	12,274	851	2%	27,838	1,041	2%	531,744	Investment gain(losses) recognized by Hong Ji	
Hong Jin	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipments and materials import and manufacturing	131,942	131,942	4,609	2%	288,893	4,609	2%	1,713,942	Investment gain(losses) recognized by Hong Jin	(Note 2)

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Notes to Consolidated Financial Statements

Table 9 The information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

(December 31, 2020)

(In Thousands of New Taiwan Dollars/ shares)

				Original Investment Amount		Ending Balance			The highest holdings in the period				
Investor Company	Investee Company	Location	Main Businesses and Products	December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
Just	CDH (HK)	Hong Kong	Investment	1,774,233	1,774,233	62,298	100%	5,434,537	62,298	100%	(19,931)	Investment gain(losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	263,298	263,298	9,245	100%	239,796	9,245	100%	(314)	Investment gain(losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	14,240	14,240	500	100%	852,569	500	100%	9,450	Investment gain(losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	28	28	1	100%	363	1	100%	(3)	Investment gain(losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	28,480	28,480	1,000	100%	45,117	1,000	100%	(519)	Investment gain(losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	234,504	234,504	-	100%	194,325	-	100%	207	Investment gain(losses) recognized by CII	(Note 2)
	MTL	U.S.A	Investment	28	28	-	100%	29	-	100%	-	Investment gain(losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,130,375	2,130,375	74,803	100%	33,766,486	74,803	100%	2,734,885	Investment gain(losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	209,328	209,328	7,350	100%	101,170	7,350	100%	1,288	Investment gain(losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	28	28	1	100%	434,865	1	100%	22,376	Investment gain(losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	424,352	424,352	14,900	100%	424,829	14,900	100%	51	Investment gain(losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	145,248	145,248	5,100	51%	26,071	5,100	51%	870	Investment gain(losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	1,908,160	1,908,160	67,000	100%	1,111,077	67,000	100%	(213,296)	Investment gain(losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	361,696	361,696	12,700	100%	300,321	12,700	100%	(55,369)	Investment gain(losses) recognized by HSI	(Note 2)
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	1,908,160	1,908,160	67,000	100%	1,111,077	67,000	100%	(213,296)	Investment gain(losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	361,696	361,696	12,700	100%	301,850	12,700	100%	(55,369)	Investment gain(losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,301,754	2,301,754	80,820	100%	4,045,228	80,820	100%	396,577	Investment gain(losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	284,800	284,800	10,000	100%	2,417,295	10,000	100%	216,453	Investment gain(losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,186,560	4,186,560	147,000	100%	7,356,672	147,000	100%	74,866	Investment gain(losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	142,400	142,400	-	99%	136,264	-	99%	(3,109)	Investment gain(losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,053,760	1,053,760	37,000	46%	1,053,760	37,000	46%	(190,132)	Investment gain(losses) recognized by BSH	(Note 2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	100%	-	Investment gain(losses) recognized by Forever	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 9 The information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

(December 31, 2020)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
Forever	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	56,960	-	-	100%	3,203	-	100%	(55,790)	Investment gain(losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	712,000	712,000	25,000	35%	(124,856)	25,000	35%	155,770	Investment gain(losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	25,500	25,500	1,275	51%	14,720	1,275	51%	(8,218)	Investment gain(losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,359,732	2,064,032	69,780	100%	2,240,149	69,780	100%	95,019	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	91,507	1	100%	62,073	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	76,874	0.5	100%	5,667	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	13,858	20	100%	6,446	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Zhi-bao	Taipei City	Investment	48,000	48,000	34,980	100%	423,997	34,980	100%	9,632	Investment gain(losses) recognized by Arcadyan	(Note 2)
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	503,434	25,028	61%	(193,291)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	32,700	4,494	51%	(16,432)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	3,555	50	100%	446	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	46,106	50	100%	9,619	Investment gain(losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	13,204	533	1%	46,723	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	2,492	-	-	100%	2,142	-	100%	(243)	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan and Zhi-bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(16,192)	968	100%	(10,717)	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	542,544	257,744	19,050	100%	453,544	19,050	100%	(10,815)	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	313,593	313,593	35	100%	886,668	35	100%	62,526	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	34,176	34,176	1,200	100%	32,776	1,200	100%	(59,064)	Investment gain(losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	4,130	0.7	100%	5,947	0.7	100%	(1,588)	Investment gain(losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	33,322	33,322	1,170	100%	19,908	1,170	100%	(59,068)	Investment gain(losses) recognized by Quest	(Note 2)
AcBel Telecom	Leading Images	British Virgin Islands	Investment	-	1,424	-	-	-	50	100%	(14,432)	Investment gain(losses) recognized by AcBel Telecom	(Note 2、3)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	541,120	256,320	-	100%	449,357	-	100%	(10,815)	Investment gain(losses) recognized by Sinoprime	(Note 2)

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Table 9 The information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

(December 31, 2020)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2020	Original Investment Amount December 31, 2019	Ending Balance Shares	Ending Balance Percentage of Ownership	Ending Balance Carrying Value	The highest holdings in the period Shares	The highest holdings in the period Percentage of Ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
Leading Images	Astoria GmbH	Germany	Sales of wireless network products	-	874	-	-	-	25	100%	(768)	Investment gain(losses) recognized by Leading Images	(Note 2、4)
Zhi-bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	20%	325,386	13,140	20%	46,723	Investment gain(losses) recognized by Zhi-bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	126,616	8,651	41%	105,538	Investment gain(losses) recognized by Rayonnant	(Note 2)
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	1,820	21%	-	Investment gain(losses) recognized by Rayonnant	(Note 2)
CRH	APH	British Virgin Islands	Investment	356,000	356,000	12,500	59%	191,019	12,500	59%	105,538	Investment gain(losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	89,740	89,740	3,151	100%	38,083	3,151	100%	3,973	Investment gain(losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	512,640	512,640	18,000	100%	271,991	18,000	100%	101,565	Investment gain(losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(183,304)	46,882	100%	(163,529)	Investment gain(losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,335,200	1,335,200	46,882	100%	(183,245)	46,882	100%	(163,529)	Investment gain(losses) recognized by HHA	(Note 2)
HHB	HengHao Trading Co., Ltd.	British Virgin Islands	Investment	-	285	-	-	-	10	100%	5	Investment gain(losses) recognized by HHB	(Note 2)
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	6,321	20	100%	(256)	Investment gain(losses) recognized by CBN	(Note 2)
	CBNN	The Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,848	20	100%	(135)	Investment gain(losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,556,236	2,556,236	95,862	37%	4,861,814	95,862	37%	112,954	Investment gain(losses) recognized by FGH	
GLB	Rapha	New Taipei City	Detectors and test strip	6,500	6,500	1,275	100%	(36)	1,275	100%	(334)	Investment gain(losses) recognized by GLB	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, LTD.	Taipei City City	Manufacturing of equipment	43,200	43,200	2,160	20%	28,103	2,160	20%	(38,817)	Investment gain(losses) recognized by Mactech	

Note 1: The carrying value had been deducted $559,812 and $321,435 of the Company's stock held by Panpal and Gempal, respectively.
Note 2: The transactions had been eliminated in the consolidated financial statements.
Note 3: The liquidation procedures had been completed on December 7,2020.
Note 4: The liquidation procedures had been completed on October 14,2020.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(December 31, 2020)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,053,760	(Note 1)	1,053,760	-	-	1,053,760	143,952	100%	143,952	1,995,724	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	569,600	(Note 2)	569,600	-	-	569,600	(3,408)	100%	(3,408)	102,664	-
CET	Manufacturing of notebook PCs	341,760	(Note 2)	341,760	-	-	341,760	381,455	100%		4,768,823	-
CSD	Manufacturing of notebook PCs	261,340	(Note 2)	(Note 3)	-	-	-	207,001	100%	207,001	13,366	-
Zheng Ying Electronics (Chongqing) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self -produced products	68,715	(Note 2)	(Note 3)	-	-	-	(1,831)	51%	(934)	(43,177)	-
BT	Maintenance and warranty service of notebook PCs	28,480	(Note 2)	28,480	-	-	28,480	39,641	100%	39,641	(190,957)	-
CGS	Production and processing chipresistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	8,711	(Note 2)	(Note 3)	-	-	-	1,960	100%	1,960	(25,586)	-
LIZ Electronics (Kunshan) Co., Ltd.	Research & development, and manufacturing chip components(chip resistors, ceramic chip diode； selling self-produced products and providing after-sales service. Performing wholesale and trading business of electronic components, semiconductors, special materials for electronic components, and spare parts	911,360	(Note 1)	379,638	-	-	379,638	92,284	43%	39,848	426,972	-
LIZ Electronics (Nantong) Co., Ltd.	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	569,600	(Note 1)	41,866	-	-	41,866	129,313	48%	61,553	460,351	-
CIC	Manufacturing of notebook PCs	341,760	(Note 2)	341,760	-	-	341,760	916,689	100%	916,689	8,030,522	-
CPO	Manufacturing and sales of LCD TVs	344,608	(Note 1)	344,608	-	-	344,608	(25)	100%	(25)	2,810,923	-
CIT	Manufacturing of notebook PCs	683,520	(Note 2)	683,520	-	-	683,520	1,454,332	100%	1,454,328	20,913,770	-

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 10 Information on investment in Mainland China:

(December 31, 2020)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CST	International trade and distribution of computers and electronic components	39,872	(Note 2)	39,872	-	-	39,872	3,123	100%	3,123	48,065	-
Sheng Bao Precision Electronics (Taicang) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	284,800	(Note 2)	145,248	-	-	145,248	(2,107)	51%	(1,517)	29,890	-
CIJ	Investment and consulting services	444,288	(Note 2)	444,288	-	-	444,288	(220,802)	100%	(220,802)	578,414	-
CDE	Manufacturing and sales of LCD TVs	427,200	(Note 2)	(Note 3)	-	-	-	(222,067)	100%	(222,067)	545,268	-
CIS	Outward investment and consulting services	2,301,754	(Note 1)	2,301,754	-	-	2,301,754	396,577	100%	396,577	4,045,228	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,278,400	(Note 2)	(Note 3)	-	-	-	396,303	100%	396,303	4,016,319	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	22,784	(Note 2)	(Note 3)	-	-	-	211	100%	211	22,844	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	284,800	(Note 1)	284,800	-	-	284,800	216,453	100%	216,453	2,417,295	-
CPM	Manufacturing and selling of magnesium alloy injection molding	11,961,600	(Note 2)	2,353,217	-	-	2,353,217	356,025	37%	138,213	5,905,294	-
Changbao	Production and marketing of magnesium alloy molding	1,708,800	(Note 2)	326,267	-	-	326,267	(227,797)	37%	(83,419)	810,695	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	512,640	(Note 2)	356,000	-	-	356,000	101,565	100%	101,565	272,548	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	768,960	(Note 1)	626,560	-	-	626,560	(59,301)	100%	(59,301)	(935,877)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	165,184	(Note 1)	165,184	-	-	165,184	1,774	100%	1,774	86,422	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,395,520	(Note 1)	541,120	-	-	541,120	219,725	100%	219,725	460,044	-

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(December 31, 2020)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Hanhelt	R&D and manufacturing of electronic communication equipment	56,960	(Note 1)	56,960	-	-	56,960	(172)	100%	(172)	2,856	-
Arcadyan							-					
SVA Arcadyan	R&D and sales of wireless network products	373,088	(Note 1)	524,602 (Note 7)	-	-	524,602	35,282	100%	35,282	164,728	-
CNC	Manufacturing and wireless network products	354,576	(Note 1)	313,593 (Note 8)	-	-	313,593	62,526	100%	62,526	886,668	-
THAC	Manufacturing of household electronics products	95,408	(Note 1、10)	32,752	-	-	32,752	(59,068)	100%	(59,068)	19,423	-
HengHao												
HengHao Optoelectronic Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	1,139,200	(Note 1)	1,133,589	-	-	1,133,589	(165,830)	100%	(165,830)	(311,685)	-
Lucom Display Technology (Kunshan) Limited(“Lucom”)	Manufacturing of notebook PCs and related modules	427,200	(Note 2)	185,092 (Note 12)	-	-	185,092	2,276	100%	2,276	128,188	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	15,451,454 (US$542,537) (Note 5)	21,549,449 (US$756,652)	(Note 6)
Arcadyan	870,947 (US$30,581)	870,947 (US$30,581)	6,965,617
HengHao	1,334,915 (US$46,872)	1,334,915 (US$46,872)	(Note 13)

Note 1: Indirectly investment in Mainland China through companies registered in the third region.

Note 2: Indirectly investment in Mainland China through an existing company registered in the third region.

Note 3: Investees held by Kunshan Botai Electronics Co., Ltd. (“BT”), Compal Investment (Jiansu) Co., Ltd. (“CIJ”), Compal Electronic (Sichuan) Co., Ltd. (“CIS”), and Compal Electronics (China) Co., Ltd. (“CPC”) through their own funds.

Note 4: The investment income (loss) was determined based on the financial report audited by the CPAs.

Note 5: Including the investment amount of sold or dissolved companies, including Beijing Compower Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (NanJing) Corp., Flextronics Technology (Shanghai) Ltd., Lucom, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount form merging with Compal Communication Co., Ltd.

Note 6: As the Company has obtained the certificate of being qualified for operating headquarters, issued by Industrial Development Bureau, MOEA, the upper limit on investment in mainland China is not applicable.

Note 7: Arcadyan paid US$18,420 thousands and acquired 100% shares of SVA Arcadyan from Accton Asia through Arcadyan Holding in 2010.

Note 8: Arcadyan paid US$8,561 thousands and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.

Note 9: SVA Arcadyan decreased its capital amounting to US$15,000 thousands to offset accumulated losses in March 2009.

Note 10: Arcadyan’s subsidiary, TTI, obtained the control over THAC with US$1,150 thousands on February 28, 2013 (the date of stock transferring).

Note 11: The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 12: The Company had an accumulated investment amounting to US$7,350 thousands in the previous years. In the first half of 2014, HengHao paid the Company and LG US$3,184 thousands and US$3,315 thousands, respectively, for organization restructure, to obtain 100% ownership of Lucom.

Note 13: The net equity of HengHao is negative at December 31, 2020.

(iii) Significant transactions:

For the year ended December 31, 2020, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” and “Business relationships and significant intercompany transactions”.