GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2020 AND 2019

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Gallant Precision Machining Co., Ltd. as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Gallant Precision Machining Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

GALLANT PRECISION MACHINING CO., LTD.

By

Chairman

March 16, 2021

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other independent accountants, as described in the Other matter section of our report, 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 ended December 31, 2020 and 2019, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and 「Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020」 and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS") for the year ended December 31, 2020. Our responsibilities under those standards are further described in the section of Auditor's Responsibilities for the Audit of the Consolidated Financial Statements of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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, we do not provide a separate opinion on these matters.

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

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(12) of the consolidated financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the consolidated financial statements. The inventories and allowance for inventory valuation loss amounting to NT1,007,962 thousand and NT176,220 thousand as of December 31, 2020 are disclosed in Note 6(6) of the consolidated financial statements.

As the amount of inventory is significant, and the estimation of net realizable value of inventories for exceeded specific age, and individually identified out of date or damaged inventories are subject to management's judgement, the evaluation of inventories has been identified a key audit matters.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Obtained an understanding and assessed the reasonableness of the policy of the allowance for inventory valuation loss and compared whether consistent application of accounting policies in relation to the provision for inventory valuation losses.
2. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification.

3. Assessed and confirmed the reasonableness in estimation of net realizable value and checked the related supporting documents.
4. Tested the reasonableness in accrual of the allowance for inventory valuation loss.

Revenue recognition

Description

Refer to Note 4(27) and Note 6(19) of the consolidated financial statements for accounting policies on revenue recognition and the description of significant accountings – operating revenue.

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Main revenue recognition is based on customer's confirmation for acceptance. Since the transferred timing of the risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the consolidated financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions included check customer purchase orders, evidence of customer's confirmation for acceptance, verified whether had met criteria of the contract and considered the reliability of collection for the timing of revenue recognition.
4. Performed cut-off test on sales transactions for a specific time prior to and after the balance sheet date.

Other matter - Reference to the audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements was based solely on the audit reports of the other independent accountants. The balance of investment accounted for under equity method was NT$0 thousand and NT$63,780 thousand, constituting 0% and 1% of consolidated total assets as of December 31, 2020 and 2019, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method was NT($4,802) thousand and NT($9,070) thousand, constituting (2.08%) and (4.05%) of consolidated total comprehensive income for the years ended December 31, 2020 and 2019, respectively.

Other matter - Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Gallant Precision Machining Co., Ltd. as of and for the years ended December 31, 2020 and 2019.

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

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

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

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

Independent Accountant'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 ROC GAAS 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 ROC GAAS, 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 for the year ended December 31, 2020 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.

PricewaterhouseCoopers, Taiwan
March 16, 2021

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,584,069	26	$ 929,712	14
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	120,353	2
1136	Financial assets at amortized cost - current	6(4)	702,752	12	826,942	13
1150	Noteds receivable, net	6(5)	14,411	-	48,652	1
1170	Accounts receivable, net	6(5)	1,554,642	26	2,338,746	36
1180	Accounts receivable to related parties, net	7	10,605	-	-	-
1200	Other receivables		9,431	-	11,446	-
1210	Other receivables to related parties	7	-	-	40,179	1
130X	Inventories, net	6(6)	831,742	14	938,235	14
1410	Prepayments		77,328	1	38,745	1
1470	Other current assets		12,301	-	11,577	-
11XX	**Current Assets**		4,797,281	79	5,304,587	82
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non - current	6(3)	167,966	3	103,462	2
1535	Financial assets at amortized cost - non-current	6(4) and 8	22,615	-	22,227	-
1550	Investments accounted for using equity method	6(7)	-	-	63,780	1
1600	Property, plant and equipment, net	6(8) and 8	720,976	12	588,628	9
1755	Right-of-use assets	6(9)	258,063	4	244,535	4
1780	Intangible assets, net		20,536	-	25,692	-
1840	Deferred income tax assets	6(26)	95,922	2	95,031	2
1900	Other non-current assets		12,711	-	5,918	-
15XX	**Non-current assets**		1,298,789	21	1,149,273	18
1XXX	**Total assets**		$ 6,096,070	100	$ 6,453,860	100

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GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

			December 31, 2020		December 31, 2019	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(10)	$ 1,054,410	17	$ 1,118,987	17
2130	Contract liabilities-current	6(19)	267,883	4	144,695	2
2170	Accounts payable	6(11)	1,066,830	18	968,510	15
2180	Accounts payable - related parties	7	34,274	1	27,550	1
2200	Other payables	6(12)	281,619	5	321,108	5
2220	Other payables - related parties	7	470	-	-	-
2230	Current income tax liabilities		17,824	-	38,597	1
2250	Provisions for liabilities-current		126,136	2	143,885	2
2280	Lease liabilities-current		19,472	-	16,864	-
2300	Other current liabilities	6(13)	33,844	1	27,699	-
21XX	**Current Liabilities**		2,902,762	48	2,807,895	43
	Non-current liabilities					
2540	Long-term loans	6(13)	128,050	2	453,472	7
2570	Deferred income tax liabilities	6(26)	98,856	1	69,632	1
2580	Lease liabilities-non-current		242,838	4	229,617	4
2600	Other non-current liabilities	6(14)	51,605	1	72,808	1
25XX	**Non-current liabilities**		521,349	8	825,529	13
2XXX	**Total Liabilities**		3,424,111	56	3,633,424	56
	Equity attributable to owners of parent company					
	Share capital	6(15)				
3110	Share capital-common stock		1,651,361	27	1,651,361	26
	Capital surplus	6(16)				
3200	Capital surplus		187,088	3	199,091	3
	Retained earnings	6(17)				
3310	Legal reserve		148,486	2	123,722	2
3320	Special reserve		132,987	2	132,987	2
3350	Unappropriated retained earnings		254,070	4	375,897	6
	Other equity interest	6(18)				
3400	Other equity interest		(48,346)	-	(96,405)	(2)
3500	Treasury share	6(15)	(108,425)	(2)	-	-
31XX	**Equity attributable to owners of the parent company**		2,217,221	36	2,386,653	37
36XX	**Non-controlling interest**		454,738	8	433,783	7
3XXX	**Total equity**		2,671,959	44	2,820,436	44
	Contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 6,096,070	100	6,453,860	100

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
4000	**Operating revenue**	6(19)	$ 3,460,391	100	$ 4,236,015	100
5000	**Operating costs**	6(6)(24)(25)	(2,639,968)	(76)	(3,005,394)	(71)
5900	**Net operating margin**		820,423	24	1,230,621	29
	Operating expenses	6(24)(25)				
6100	Selling expenses		(133,656)	(4)	(183,134)	(4)
6200	General and administrative expenses		(275,168)	(8)	(309,116)	(7)
6300	Research and development expenses		(298,701)	(9)	(307,787)	(7)
6450	Expected credit impairment loss (gain)	12(2)	(35,289)	(1)	(71,458)	(2)
6000	**Total operating expenses**		(742,814)	(22)	(871,495)	(20)
6900	**Operating profit**		77,609	2	359,126	9
	Non-operating income and expenses					
7100	Interest income	6(20)	14,002	1	21,398	-
7010	Other income	6(21)	207,219	6	38,600	1
7020	Other gains and losses	6(22)	(61,823)	(2)	(13,600)	-
7050	Finance costs	6(23)	(26,443)	(1)	(36,205)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	(4,802)	-	(9,070)	-
7000	**Total non-operating income and expenses**		128,153	4	1,123	-
7900	**Profit before tax**		205,762	6	360,249	9
7950	Income tax expense	6(26)	(45,144)	(1)	(70,343)	(2)
8200	**Profit for the year**		$ 160,618	5	$ 289,906	7
	Other comprehensive income for the year					
	Items that will not be reclassified subsequently to profit or loss:					
8311	Loss on remeasurements of defined benefit plan	6(14)	$ 1,130	-	($ 1,520)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(3)(18)	64,504	2	(21,562)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(13,046)	-	4,277	-
8310	**Items that will not be reclassified subsequently to profit or loss:**		52,588	2	(18,805)	(1)
	Items that may be reclassified subsequently to profit or loss:					
8361	Cumulative translation differences of foreign operations	6(18)	17,639	-	(47,316)	(1)
8360	**Summary of Components of other comprehensive income that will be reclassified to profit or loss**		17,639	-	(47,316)	(1)
8300	**Other comprehensive (loss) income for the year**		$ 70,227	2	($ 66,121)	(2)
8500	**Total comprehensive income for the year**		$ 230,845	7	$ 223,785	5
	Profit attributable to:					
8610	Equity holders of the parent company		$ 149,511	5	$ 249,158	6
8620	Non-controlling interest		11,107	-	40,748	1
	Profit for the year		$ 160,618	5	$ 289,906	7
	Total comprehensive income attributable to:					
8710	Equity holders of the parent company		$ 198,700	6	$ 183,704	4
8720	Non-controlling interest		32,145	1	40,081	1
	Total comprehensive income for the year		$ 230,845	7	$ 223,785	5
	Basic earnings per share	6(27)				
9750	**Profit for the year**		$	0.93	$	1.51
	Diluted earnings per share	6(27)				
9850	**Profit for the year**		$	0.92	$	1.49

Years ended December 31

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

GALLANT PRECISION MACHINING CO., LTD. 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 the parent										
				Retained Earnings			Other Equity Interest					
	Notes	Share capital-common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Treasury share	Total	Non-controlling interest	Total equity
For the year ended December 31, 2019												
Balance at January 1, 2019		$ 1,651,361	$ 199,091	$ 86,712	$ 132,987	$ 379,946	($ 64,286)	$ 31,815	$ -	$ 2,417,626	$ 442,905	$ 2,860,531
Profit for the year		-	-	-	-	249,158	-	-	-	249,158	40,748	289,906
Other comprehensive income for the year	6(14)(18)	-	-	-	-	(1,520)	(35,414)	(28,520)	-	(65,454)	(667)	(66,121)
Total comprehensive income for the year		-	-	-	-	247,638	(35,414)	(28,520)	-	183,704	40,081	223,785
Distribution of 2018 earnings:	6(17)											
Legal reserve		-	-	37,010	-	(37,010)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(214,677)	-	-	-	(214,677)	-	(214,677)
Recognition of changes in equities of subsidiaries		-	-	-	-	-	-	-	-	-	(12,889)	(12,889)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(36,314)	(36,314)
Balance at December 31, 2019		$ 1,651,361	$ 199,091	$ 123,722	$ 132,987	$ 375,897	($ 99,700)	$ 3,295	$ -	$ 2,386,653	$ 433,783	$ 2,820,436
For the year ended December 31, 2020												
Balance at January 1, 2020		$ 1,651,361	$ 199,091	$ 123,722	$ 132,987	$ 375,897	($ 99,700)	$ 3,295	$ -	$ 2,386,653	$ 433,783	$ 2,820,436
Profit for the year		-	-	-	-	149,511	-	-	-	149,511	11,107	160,618
Other comprehensive income for the year	6(14)(18)	-	-	-	-	1,130	19,126	28,933	-	49,189	21,038	70,227
Total comprehensive income for the year		-	-	-	-	150,641	19,126	28,933	-	198,700	32,145	230,845
Distribution of 2019 earnings:	6(17)											
Legal reserve		-	-	24,764	-	(24,764)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(247,704)	-	-	-	(247,704)	-	(247,704)
Recognition of changes in equities of associates	6(7)(16)	-	(12,003)	-	-	-	-	-	-	(12,003)	-	(12,003)
Treasure stock acquired	6(15)	-	-	-	-	-	-	-	(108,425)	(108,425)	-	(108,425)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(11,190)	(11,190)
Balance at December 31, 2020		$ 1,651,361	$ 187,088	$ 148,486	$ 132,987	$ 254,070	($ 80,574)	$ 32,228	($ 108,425)	$ 2,217,221	$ 454,738	$ 2,671,959

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 205,762	$ 360,249
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(8)(9)(24)	53,330	47,776
Amortization	6(24)	14,791	38,062
Expected credit impairment loss (gain)	12(2)	35,289	71,458
Gain on financial assets or liabilities at fair value through profit or loss, net	6(22)	(60)	(1,207)
Interest expense	6(23)	26,443	36,205
Interest income	6(20)	(14,002)	(21,398)
Dividend income	6(21)	(1,880)	(2,889)
Share of profit of associates and joint ventures accounted for using equity method		4,802	9,070
(Gain)/loss on disposal of property, plant and equipment, net	6(22)	1,312	30
Gain on disposal of investments accounted for using equity method	6(22)	(20,221)	(3,012)
Gain on lease modification	6(22)	(322)	(6)
Impairment loss from non – financial assets	6(22)	-	965
Gain recognized in bargain purchase transaction	6(21)	(30,893)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		120,413	159,563
Notes receivable		37,286	(4,357)
Accounts receivable		808,197	(626,326)
Accounts receivable - related parties		(10,605)	-
Other receivables		(4,065)	9,359
Other receivables - related parties		178	(40,186)
Inventories		138,712	280,668
Prepayments		(24,010)	(4,591)
Other current assets		(767)	421
Other non-current assets		132	78
Net changes in liabilities relating to operating activities			
Contract liabilities		121,581	75,951
Accounts payable		84,344	(591,294)
Accounts payable - related parties		6,067	20,594
Other payables		(51,091)	(64,567)
Other payables - related parties		470	-
Provisions for liabilities		(18,121)	(43,308)
Unearned receipts		4,927	(1,559)
Other current liabilities		3,566	1,891
Net defined benefit liabilities		(21,688)	(8,118)
Cash generated from operations		1,469,877	(300,478)
Interest received		27,227	15,730
Dividends received		1,675	2,592
Interest paid		(28,966)	(36,680)
Income tax paid		(56,157)	(69,039)
Net cash provided by (used in) operating activities		1,413,656	(387,875)

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GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at amortized cost		$ 131,897	$ 12,189
Acquisition of investments accounted for under equity method		-	(29,540)
Acquisition of subsidiaries (after deduction of cash received)	6(28)	(5,262)	-
Proceeds from disposal of investments accounted for under equity method	6(7)	42,879	-
Acquisition of property, plant and equipment	6(29)	(48,704)	(12,050)
Proceeds from disposal of property, plant and equipment		-	586
Acquisition of intangible assets		(9,861)	(2,912)
Refundable deposits refunded (paid)		(6,511)	57
Net decrease in cash due to changes in consolidated entities		-	(3,860)
Net cash provided by (used in) investing activities		104,438	(35,530)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from short-term loan	6(30)	2,533,946	2,749,072
Repayment of short-term loan	6(30)	(2,666,523)	(2,365,206)
Proceeds from long-term loan	6(30)	68,000	350,000
Repayment of long-term loan	6(30)	(394,696)	(383,861)
Guarantee deposits paid (refunded)	6(30)	1,195	(99)
Treasure stock acquired	6(15)	(108,425)	-
Repayment of the principal portion of lease liabilities	6(30)	(19,516)	(18,749)
Cash dividends paid		(284,019)	(250,991)
Decrease in non-controlling interests		(605)	-
Net cash provided by (used in) financing activities		(870,643)	80,166
Effect of fluctuations in exchange rate		6,906	(20,848)
Net increase (decrease) in cash and cash equivalents		654,357	(364,087)
Cash and cash equivalents at beginning of year	6(1)	929,712	1,293,799
Cash and cash equivalents at end of year	6(1)	$ 1,584,069	$ 929,712

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. HISTORY AND ORGANIZATION

Gallant Precision Machining Co., Ltd. (the "Company"). The Company was incorporated on December 22, 1978. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the design, manufacture and sale of molds and machinery, metal parts and mold parts, stamping parts and die-cast parts, and automated manufacturing systems and their unit equipment, as well as the management and investment in the relevant business. The Company's stock was listed on the Taipei Exchange (formerly named GreTai Securities Market), effective from February, 1998.

The Company merged with Syntran Co., Ltd. (the "Syntran Company") on August 3, 2007 (merger effective date). The Company was a surviving company and Syntran Company was a dissolved company. Syntran Company was incorporated in November 1994, mainly engaged in the research, development, manufacture and sale of DWDM automatic optical testing machines, DWDM module packaging machines, digital safety monitoring systems and nano functional powder and films.

The special shareholders' meeting of the Company resolved to spin-off its semiconductor business on December 15, 2010 and the GreTai Securities Market approved the spin-off and the Company's stock listed on January 13, 2011. The Company transferred its semiconductor business and related investment to the Company's subsidiary – Gallant Micro. Machining Co., Ltd. on the spin-off effective day March 1, 2011. The equity interest in Gallant Micro. Machining Co., Ltd. held by the Company as of December 31, 2020 was 57.19%.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 16, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”) and IFRS 7 “Financial Instruments: Disclosures” - Interest Rate Benchmark Reform	January 1, 2020
Amendments to IFRS 16, “Covid-19-related rent concessions”	June 1, 2020(Note)

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

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

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

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

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

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance Contracts'	January 1, 2023
IFRS 1,Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IAS 1 “Presentation of Financial Statements” – Disclosure Initiative – Accounting Policies	January 1, 2023
Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates	January 1, 2023

Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership December 31, 2020	Percentage of Ownership December 31, 2019	Note
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Manufacturing and selling of semiconductor related equipment and parts	57.19	57.19	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd. (the “GRC”)	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	100	100	
Gallant Precision Machining Co., Ltd.	Gallant Precision Machinery (BVI) Ltd.(the GPM(BVI)”)	Investing in Gallant Precision Machinery (Xiamen) Co., Ltd.	100	100	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Marketing and selling of process equipment of LCD and related parts.	100	100	
Gallant Precision Machining Co., Ltd.	Chun-Zhun Enterprise Corporation Ltd. (the “CZE”)	Investing in Gallant Technology (Shenzhen) Co., Ltd.	-	100	Note 1
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd. (the”KMC”)	Investing in Gallant Micro. Machining (Suzhou) Co., Ltd.	100	100	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd. (the”GMMM”）	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	100	100	
GRC	Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	
KMC	Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	100	100	
GPM(BVI)	Gallant Precision Machinery (Xiamen) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	
CZE	Gallant Technology (Shenzhen) Co., Ltd.	Manufacturing of medical and mechanical related equipment	-	100	Note 1
Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant International Trading Co., Ltd.	Engaged in selling of mechanical equipment	100	100	
Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant Precision Intelligence Technology Co.,Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	60	60	
Gallant International Trading Co., Ltd.	Suzhou Jianmeifu Optical Co., Ltd.	Engaged in wholesale and retail of contact lenses and related care products	-	100	Note 4
Gallant Precision Machining Co., Ltd.	Utron Technologies Corp	Testing of wire and tools and testing equipment of PBC and related systems	76.02	42.2	Note 2
Utron Technologies Corp	U Pin Precision Co., Ltd.	Planning, development, design and manufacturing of electrical logging fixture	-	69.04	Note 2 Note 3

Note1: The subsidiary has been completed the dissolution and liquidation procedures in June 30, 2020. The Group recognized loss on disposal of investment amounted to $1,632.

Note2: The Group acquired share of Utron Technologies Corp in January 2020. As the Group has substantial control over the company, the investment has been included in the consolidated financial statement.

Note3: The Group disposed of all the shares of U PIN PRECISION CO., LTD. in May 2020, the investment has not been included in the consolidated financial statement.

Note1: The subsidiary has been completed the dissolution and liquidation procedures in October 2020.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2020 and 2019, the non-controlling interest amounted to $454,738 and $433,783, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2020		December 31, 2019	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership(%)
Gallant Micro. Machining Co., Ltd.	Taiwan	$401,998	42.81	$392,109	42.81

Summarised financial information of the subsidiaries:

<u>Balance sheets</u>

	Gallant Micro. Machining Co., Ltd. and its subsidiary	
	December 31, 2020	December 31, 2019
Current assets	$ 1,364,254	$ 1,226,187
Non-current assets	587,931	364,009
Current liabilities	(732,325)	(506,746)
Non-current liabilities	(264,965)	(167,522)
Total net assets	$ 954,895	$ 915,928

Statements of comprehensive income

	Gallant Micro. Machining Co., Ltd. and its subsidiary	
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	$ 877,331	$ 758,006
Profit before income tax	$ 58,453	$ 106,877
Income tax expense	(23,185)	(21,448)
Profit for the year from continuing operations	35,268	85,429
Loss from discontinued operations	-	-
Profit for the year	35,268	85,429
Other comprehensive income, net of tax	63,405	(1,154)
Total comprehensive income for the year	$ 98,673	$ 84,275
Comprehensive income attributable to non-controlling interest	$ 46,204	$ 35,810
Dividends paid to non-contronlling interest	$ 36,314	$ 36,314

Statements of cash flows

	Gallant Micro. Machining Co., Ltd. and its subsidiary	
	Year ended December 31, 2020	Year ended December 31, 2019
Net cash provided by (used in) operating activities	$ 91,010	$ 184,597
Net cash provided by (used in) investing activities	(228,400)	(71,575)
Net cash provided by (used in) financing activities	(42,414)	(71,701)
Effect of exchange rates on cash and cash equivalents	1,263	(13,973)
Increase (decrease) in cash and cash equivalents	(178,541)	27,348
Cash and cash equivalents, beginning of year	535,320	507,972
Cash and cash equivalents, end of year	$ 356,779	$ 535,320

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses”.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a)Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b)Income and expenses for each statement of comprehensive income are translated at average exchange rates of that periods; and

(c)All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settle within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settle within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

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

C. The Group's related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(7) <u>Financial assets at fair value through other comprehensive income</u>

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

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

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

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

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

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

(8) Financial assets at amortised cost

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

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.
(b) The assets' contractual cash flows represent solely payments of principal and interest.

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

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

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

(9) Accounts and notes receivable

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

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 50 years
Machinery and equipment	3 ~ 10 years
Furniture and fixtures	3 ~ 10 years
Other equipment	5 ~ 15 years

(15) Leased assets/ leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

Fixed payments, less any lease incentives receivable;

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

a. The amount of the initial measurement of lease liability;

b. Any initial direct costs incurred by the lessee;

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

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 3 years.

B. Other intangible assets

Other intangible assets mainly technical royalties, are amortized on a straight-line basis over its estimated useful life of 3 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(21) Derecognition of financial liabilities

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

(22) Provisions

Provisions (including warranties, after-sales service) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii . Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

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

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

(a) The Group provides manufacturing and sales of Flat display manufacturing inspection equipment, Semiconductor packaging equipment, Intelligent automation equipment and parts products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales are recognised based on the price specified in the contract.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

B. Sales of services

The Group provides technical services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(29) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairmen of Board that makes strategic decisions.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2020, the carrying amount of inventories was $831,742.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020		December 31, 2019	
Cash on hand and revolving funds	$	302	$	262
Checking accounts		26		26
Demand deposits		1,583,741		929,424
Total	$	1,584,069	$	929,712

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

B. As of December 31, 2020 and 2019, cash and cash equivalents pledged to Customs and others as collateral were classified as financial assets at amortised cost-non-current. Please refer to note 8.

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

Items	December 31, 2020		December 31, 2019	
Current items:				
Financial assets mandatorily at fair value through profit or loss				
Beneficiary certificates	$	-	$	120,023
Valuation adjustment		-		330
	$	-	$	120,353

A. The Group recognized net gain of $60 and $1,207 on financial assets and liabilities designated as at fair value through profit or loss for the years ended 2020 and 2019, respectively.

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

C. Information relating to price risk and fair market value are provided in Note 12(2) and (3).

(3) Financial Assets at Fair Value Through Other Comprehensive Income

Items	December 31, 2020	December 31, 2019
Non-current items:		
Non-Listed and non-otc stocks	$ 73,907	$ 73,907
Valuation adjustment	94,059	29,555
Total	$ 167,966	$ 103,462

A. The Group has elected to classify investments that are considered to be strategic investments in Shinyu Light Co., Ltd., PHOENIX & COPRORATION and POWER EVER ENTERPRISES LIMITED as financial assets at fair value through other comprehensive income. As at December 31, 2020 and 2019, the fair value of such investments amounted to $167,966 and $103,462, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2020	Year ended December 31, 2019
Equity instruments at fair value through other comprehensive income:		
Fair value change recognised in other comprehensive income	$ 64,504	($ 28,520)
Dividend income recognized in profit or loss held at end of period	$ 1,880	$ 2,889

(4) Financial assets at amortized cost

Items	December 31, 2020	December 31, 2019
Current items:		
Time deposits	$ 702,752	$ 826,942
Non-current items:		
Time deposits	22,615	22,227
Total	$ 725,367	$ 849,169

A. The Group transacts with financial institutions with high credit quality.

B. Details of the Group’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk is provided in Note 12(2).

(5) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 14,411	$ 48,652
Accounts receivable	$ 1,754,150	$ 2,502,954
Accounts receivable - related parties	10,605	-
Less: allowance for bad debts	(199,508)	(164,208)
	$ 1,565,247	$ 2,338,746

A. The ageing analysis of notes and accounts receivable is as follows::

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 1,456,763	$ 14,411	$ 2,040,160	$ 48,652
Up to 90 days	74,216	-	251,718	-
91 to 120 days	18,705	-	17,341	-
Over 120 days	215,071	-	193,735	-
	$ 1,764,755	$ 14,411	$ 2,502,954	$ 48,652

The above ageing analysis was based on past due date.

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

C. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 121,831	($ 25,373)	$ 96,458
Work in progress	739,556	(86,973)	652,583
Finished goods	143,615	(63,874)	79,741
Inventory in transit	2,960	-	2,960
Total	$ 1,007,962	($ 176,220)	$ 831,742

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 86,531	($ 16,412)	$ 70,119
Work in progress	859,667	(113,052)	746,615
Finished goods	123,719	(18,804)	104,915
Inventory in transit	16,586	-	16,586
Total	$ 1,086,503	($ 148,268)	$ 938,235

The cost of inventories recognized as expense for the year:

	Year ended December 31, 2020	Year ended December 31, 2019
Cost of goods sold	$ 2,610,936	$ 3,026,070
(Gain on reversal of decline) loss on decline in market value	27,952	(27,249)
Loss on disposal inventory	1,080	6,573
	$ 2,639,968	$ 3,005,394

The Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because of disposal and sold inventory.

(7) Investments accounted for using equity method

	December 31, 2020	December 31, 2019
Associates		
Gallant Biotech (Suzhou) Co., Ltd.	$ -	$ 8,189
Utron Technologies Corp	-	25,443
Sunengine Co., Ltd.	-	30,148
Total	$ -	$ 63,780

A. In the first quarter of 2019, Gallant Biotech (Suzhou) Co., Ltd. increased capital by issue new shares, but the Group did not acquire shares. As a result, the investment was accounted using equity method after control was lost. The Group sold all of the shares with a sale price of $21,374 in June 2020 and recognized gain on disposal of investment amounting to $17,502.

B. The Group held of 76.02% ownership and has control over Utron Technologies Corp, the investment has been included in the consolidated financial statement.

C. The Group sold all of the shares of Sunengine Co., Ltd. in August 2020, with a sale price of $21,505 and recognized loss on disposal of investment amounting to $1,497.

D. Associates

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results:

As at December 31, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to $0 and $63,780, respectively.

	Year ended December 31, 2020	Year ended December 31, 2019
Profit for the period from continuing operations	$ 16,052	($ 47,105)
Total comprehensive income	$ 16,052	($ 47,105)

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Leased assets	Others	Total
At January 1, 2020							
Cost	$ 39,130	$ 593,791	$ 116,026	$ 33,504	$ 65,682	$ 28,964	$ 877,097
Accumulated depreciation and impairment	-	(144,453)	(90,884)	(19,285)	(16,356)	(17,491)	(288,469)
	$ 39,130	$ 449,338	$ 25,142	$ 14,219	$ 49,326	$ 11,473	$ 588,628
2020							
Opening net book amount as at anuary 1	$ 39,130	$ 449,338	$ 25,142	$ 14,219	$ 49,326	$ 11,473	$ 588,628
Additions	-	-	7,352	5,095	-	35,558	48,005
Additions - acquired through business combinations	95,556	10,736	4,001	386	-	4,108	114,787
Disposals	-	-	(1,228)	(81)	-	(3)	(1,312)
Reclassifications	-	-	-	-	-	5,081	5,081
Depreciation charge	-	(12,326)	(5,303)	(5,851)	(1,288)	(6,646)	(31,414)
Transferred out due to disposal of subsidiaries	-	-	(3,517)	(99)	-	(173)	(3,789)
Net exchange differences	-	(44)	204	72	-	758	990
Closing net book amount as at December 31	$ 134,686	$ 447,704	$ 26,651	$ 13,741	$ 48,038	$ 50,156	$ 720,976
At December, 31, 2020							
Cost	$ 134,686	$ 604,467	$ 112,531	$ 32,802	$ 65,682	$ 71,388	$ 1,021,556
Accumulated depreciation and impairment	-	(156,763)	(85,880)	(19,061)	(17,644)	(21,232)	(300,580)
	$ 134,686	$ 447,704	$ 26,651	$ 13,741	$ 48,038	$ 50,156	$ 720,976

	Land	Buildings	Machinery and equipment	Office equipment	Leased assets	Others	Construction in progress and equipment under installation	Total
At January 1, 2019								
Cost	$ 39,130	$ 598,415	$ 122,736	$ 39,940	$ 66,694	$ 43,664	$ 6,029	$ 916,608
Accumulated depreciation and impairment	-	(136,882)	(90,963)	(21,323)	(16,068)	(28,875)	-	(294,111)
	$ 39,130	$ 461,533	$ 31,773	$ 18,617	$ 50,626	$ 14,789	$ 6,029	$ 622,497
2019								
Opening net book amount as at January 1	$ 39,130	$ 461,533	$ 31,773	$ 18,617	$ 50,626	$ 14,789	$ 6,029	$ 622,497
Additions	-	82	774	3,879	-	2,160	-	6,895
Disposals	-	-	(1,738)	(1,707)	-	(1,140)	(6,029)	(10,614)
Depreciation charge	-	(12,262)	(5,061)	(6,408)	(1,300)	(4,265)	-	(29,296)
Net exchange differences	-	(15)	(606)	(162)	-	(71)	(-)	(854)
Closing net book amount as at December 31	$ 39,130	$ 449,338	$ 25,142	$ 14,219	$ 49,326	$ 11,473	$ -	$ 588,628
At December, 31, 2019								
Cost	$ 39,130	$ 593,791	$ 116,026	$ 33,504	$ 65,682	$ 28,964	$ -	$ 877,097
Accumulated depreciation and impairment	-	(144,453)	(90,884)	(19,285)	(16,356)	(17,491)	-	(288,469)
	$ 39,130	$ 449,338	$ 25,142	$ 14,219	$ 49,326	$ 11,473	$ -	$ 588,628

A. Amount of borrowing costs capitalized as part of property, plant and equipment were $0 and $0 for the years ended December 31, 2020 and 2019, respectively.

B. The significant components of buildings include main plants improvement and structure, which are depreciated over 10 to 50 years.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D. The above property, plant and equipment of the Group were for their own used.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 38 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise Buildings. Low-value assets comprise office equipment (multifunction printers).

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	$ 205,986	$ 214,408
Buildings	52,045	29,875
Office equipment (multifunction printers)	32	252
Transportation equipment (business vehicles)	-	-
	$ 258,063	$ 244,535

	Year ended December 31, 2020	Year ended December 31, 2019
	Depreciation charge	Depreciation charge
Land	$ 5,973	$ 6,022
Buildings	15,723	12,085
Office equipment (multifunction printers)	220	238
Transportation equipment (business vehicles)	-	135
	$ 21,916	$ 18,480

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $51,278 and $0, respectively.

E. The information on income and expense accounts relating to lease contracts is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 6,121	$ 5,119
Expense on short-term lease contracts	14,799	13,531
Expense on leases of low-value assets	187	122

F. For the years ended December 31, 2020 and 2019, respectively, the Group's total cash outflow for leases were $40,623 and $37,521, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(10) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Unsecured Banking Loan	$ 1,054,410	0.63%~1.34%	None

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Unsecured Banking Loan	$ 1,118,987	1.08%~2.90%	None

(11) Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable	$ 938,932	$ 848,802
Accrued accounts payable	127,898	119,708
	$ 1,066,830	$ 968,510

(12) Others accounts payable

	December 31, 2020	December 31, 2019
Accrued salaries	$ 154,203	$ 173,863
Accrued employees' bonuses and directors' remuneration	49,028	82,939
Payables on equipment - Fixed assets	385	1,084
Payables on equipment - Intangible assets	50	277
Others	77,953	62,945
	$ 281,619	$ 321,108

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.18%	Note A	$ 70,643
Mortgage borrowings	Borrowing period is from July 13, 2017 to July 13, 2022; The principal is repayable every 6 months in 8 installments.	1.05%	Note A	11,500
Mortgage borrowings	Borrowing period is from June 08, 2020 to June 08, 2030; The principal is repayable every 3 months in 40 installments.	1.27%	Note A	64,600
				146,743
Less: current portion				(18,693)
				$ 128,050

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2019
Mortgage borrowings	Borrowing period is from July 31, 2008 to July 31, 2023; interest is repayable monthly and principal is repayable through August, 2010 to July, 2023.	1.22%	Note A	$ 23,206
Unsecured borrowings	Borrowing period is from July 31, 2008 to July 31, 2023; interest is repayable monthly and principal is repayable through August, 2010 to July, 2023.	1.32%	None	6,197
Mortgage borrowings	Borrowing period is from September 27, 2019 to September 27, 2021; interest is repayable monthly and principal is repayable in September, 2021.	1.36%	Note A Note B	350,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.45%	Note A	76,786
Mortgage borrowings	Borrowing period is from July 13, 2017 to July 13, 2022; The principal is repayable every 6 months in 8 installments.	1.20%	Note A	17,250
				473,439
Less: current portion				(19,967)
				$ 453,472

Note A: Details of long-term borrowings pledged as collateral are provided in Note 8.

Note B:

(a) In order to repay the existing financial liabilities and enrich the medium-term working capital, the Company entered into a comprehensive credit contract amounting to $800 million with the bank on September 27, 2019. The Company also applied for a drawdown of $350,000 from the credit line granted by the bank in September, 2019. The borrowings has been repaid in September 2020.

(b) According to the notice of credit between the Company and the bank, the financial ratios in the Company's annual and semi-annual consolidated financial statements should be maintained as follows:

i . Current ratio: the ratio of current assets divided by current liabilities shall be maintained above 120% (inclusive).

ii . Financial gearing ratio: the total of short-term borrowings, corporate bonds due within one year, mid and long-term borrowings due within one year and long-term borrowings, divided by the tangible net worth shall not exceed 60%.

iii. Net tangible net worth: the shareholders' equity after deducting intangible assets shall not be less than NT$2,200,000 (inclusive).

(14) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% and 7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 59,040)	($ 78,079)
Fair value of plan assets	36,522	32,742
Net defined benefit liability	($ 22,518)	($ 45,337)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
Balance at January 1	($ 78,079)	$ 32,742	($ 45,337)
Current service cost	(381)	-	(381)
Interest (expense) income	(521)	210	(311)
Past service cost	-	-	-
	(78,981)	32,952	(46,029)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	1,019	1,019
Change in demographic assumptions	(119)	-	(119)
Change in financial assumptions	(2,723)	-	(2,723)
Experience adjustments	2,953	-	2,953
	111	1,019	1,130
Pension fund contribution	-	6,379	6,379
Paid pension	19,830	(3,828)	16,002
Balance at December 31	($ 59,040)	$ 36,522	($ 22,518)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	($ 77,603)	$ 25,672	($ 51,931)
Current service cost	(526)	-	(526)
Interest (expense) income	(768)	289	(479)
Past service cost	2,426	-	2,426
	(76,471)	25,961	(50,510)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	784	784
Change in demographic Assumptions	(434)	-	(434)
Change in financial Assumptions	(1,895)	-	(1,895)
Experience adjustments	27	-	27
	(2,302)	784	(1,518)
Pension fund contribution	-	6,691	6,691
Paid pension	694	(694)	-
Balance at December 31	($ 78,079)	$ 32,742	($ 45,337)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Discount rate	0.35%	0.75%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31,2020				
Effect on present value of defined benefit obligation	($ 1,731)	$ 1,805	$ 1,771	($ 1,708)
December 31,2019				
Effect on present value of defined benefit obligation	($ 1,854)	$ 1,932	$ 1,903	($ 1,836)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

(f) Expected contributions to the defined benefit pension plans of the Group in the year ended December 31, 2021 amount to $7,116.

(h) As of December 31, 2020, the weighted average duration of that retirement plan is 11 year. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 1,201
1-2 year(s)	1,822
2-5 years	6,099
Over 5 years	52,081
	$ 61,203

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries (APEX-I International Co., Ltd. and Gallant Micro. Machining Co., Ltd.) have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Gallant Precision Industries (Suzhou) Co., Ltd., Gallant Micro. Machining (Suzhou) Co., Ltd., Gallant Precision Machinery （Xiamen）Co., Ltd., Gallant Precision Intelligence Technology Co., Ltd. and Gallant International Trading Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 10% to 20%. Other than the monthly contributions, the Group has no further obligations.

(c) Gallant-Rapid Corporation Ltd., Gallant Micro Machining (Malaysia) Sdn. Bhd. Ltd., King Mechatronics Co., Ltd., and Gallant Precision Machinery (BVI) Ltd. did not have a pension plan.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were $27,647 and $34,564, respectively.

(e) From February to December 2020, due to the impact of COVID-19, the Ministry of Human Resources and Social Security of China announced that part of the pension insurance fund was exempted, which was amounting to $5,159.

(15) Share capital

A. As of December 31, 2020, the Company's authorized capital was $2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was $1,651,361 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: shares in thousands

	Year ended December 31, 2020	Year ended December 31, 2019
At January 1	165,136	165,136
Treasury share acquired	(6,000)	-
At December 31	159,136	165,136

B. On March 24, 2020, the Board of directors resolved to acquire 6,000 thousands shares of the Company. All the acquired shares will be reissued to employees. As of December 30, 2020, the Company has acquired 6,000 thousands shares.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2020	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	6,000	$ 108,425

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(16) Capital surplus

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

B. Details of Capital surplus:

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of associates	Net change in equity of subsidiaries	Employee stock option	Total
At January 1, 2020	$ 127,167	$ 31,399	$ 11,750	$ 12,003	$ 12,326	$ 4,446	$ 199,091
Disposals investment of associates	-	-	-	(12,003)	-	-	(12,003)
At December 31, 2020	$ 127,167	$ 31,399	$ 11,750	$ -	$ 12,326	$ 4,446	$ 187,088

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of associates	Net change in equity of associates	Employee stock option	Total
At January 1, 2019 and At December 31, 2019	$ 127,167	$ 31,399	$ 11,750	$ 12,003	$ 12,326	$ 4,446	$ 199,091

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings in the following order, but the ratios of the distribution of the aforementioned retained earnings and the cash dividend distribution shall be proposed by the Board of Directors based on the actual profit and capital situation of the current year, and proposed to the shareholders' meeting for resolution:

The ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of the date of transition, the Company recognized $132,987 special reserve.

D. On June 17, 2020 and June 25, 2019, respectively, the shareholders resolved that total dividends for the distribution of earnings for the year of 2019 and 2018 were as following:

	2019		2018	
	Amount	Earnings per share(In dollars)	Amount	Earnings per share(In dollars)
Legal reserve	$ 24,764	$ -	$ 37,010	$ -
Cash dividends	247,704	1.556	214,677	1.300
Total	$ 272,468	$ 1.556	$ 251,687	$ 1.300

E. On March 16, 2021, the Board of Directors resolved for the distribution of dividends from 2020 earnings amounting to $159,136($1 (in dollars) per share).

(18) Other equity items

	Year ended December 31, 2020		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 3,295	($ 99,700)	($ 96,405)
Revaluation - group	28,825	-	28,825
Revaluation - tax	108	-	108
Revaluation transferred to profit and loss – liquidation of subsidiary	-	1,360	1,360
Currency translation differences:–group	-	17,766	17,766
At December 31	$ 32,228	($ 80,574)	($ 48,346)

	Year ended December 31, 2019		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 31,815	($ 64,286)	($ 32,471)
Revaluation - group	(38,688)	-	(38,688)
Revaluation – tax	10,168	-	10,168
Currency translation differences:–group	-	(35,414)	(35,414)
At December 31	$ 3,295	($ 99,700)	($ 96,405)

(19) Operating revenue

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from Contracts with Customers	$ 3,460,391	$ 4,236,015

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2020	Taiwan	China	Other	Total
Total segment revenue	$ 1,498,505	$ 2,331,388	$ 81,325	$ 3,911,218
Inter-segment revenue	(374,156)	(76,671)	-	(450,827)
Revenue from external customer contracts	$ 1,124,349	$ 2,254,717	$ 81,325	$ 3,460,391
Timing of revenue recognition				
At a point in time	$ 1,102,631	$ 2,245,754	$ 79,802	$ 3,428,187
Over time	21,718	8,963	1,523	32,204
	$ 1,124,349	$ 2,254,717	$ 81,325	$ 3,460,391

Year ended December 31, 2019	Taiwan	China	Other	Total
Total segment revenue	$ 1,641,862	$ 2,841,949	$ 58,835	$ 4,542,646
Inter-segment revenue	(282,587)	(23,964)	(80)	(306,631)
Revenue from external customer contracts	$ 1,359,275	$ 2,817,985	$ 58,755	$ 4,236,015
Timing of revenue recognition				
At a point in time	$ 1,343,275	$ 2,815,445	$ 57,042	$ 4,215,762
Over time	16,000	2,540	1,713	20,253
	$ 1,359,275	$ 2,817,985	$ 58,755	$ 4,236,015

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2020	December 31, 2019
Contract liabilities	$ 267,883	$ 144,695

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 89,164	$ 64,211
Total	$ 89,164	$ 64,211

(20) Interest income

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income from bank deposits	$ 14,002	$ 21,398

(21) Other income

	Year ended December 31, 2020	Year ended December 31, 2019
Rental revenue	$ 18,526	$ 15,441
Government subsidy income (Note)	110,381	11,295
Dividends income	1,880	2,889
Gain recognized in bargain purchase transaction	30,893	-
Others income	45,539	8,975
	$ 207,219	$ 38,600

Note: Government subsidy income were the salary and working capital subsidy of the Ministry of Economic Affairs for the manufacturing and technical service industries that are affected by COVID-19, as well as the income of scientific and technical subsidies.

(22) Other gains and losses

	Year ended December 31, 2020	Year ended December 31, 2019
Losses on disposal of property, plant and equipment	($ 1,312)	($ 269)
Gains on disposal of investments	20,221	3,012
Gains arising from lease modifications	322	6
Net currency exchange (losses) gains	(80,717)	(16,579)
Net gains on financial assets and liabilities at fair value through profit or loss	60	1,207
Other impairment loss	-	(965)
Other gains and losses	(397)	(12)
Total	($ 61,823)	($ 13,600)

(23) Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense	$ 26,443	$ 36,205

(24) Expenses by nature

	Year ended December 31, 2020	Year ended December 31, 2019
Employee benefit expense	$ 809,170	$ 862,268
Depreciation expense	$ 53,330	$ 47,776
Amortization charges on intangible assets	$ 14,791	$ 38,062

(25) Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Wages and salaries	$ 694,651	$ 739,260
Labour and health insurance fees	59,331	62,398
Pension costs	28,339	33,138
Other personnel expenses	26,849	27,472
	$ 809,170	$ 862,268

A. In accordance with the Company's Articles of Incorporation, the Company shall distribute not less than 1% and not more than 12% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

Employee remuneration could be paid by cash or shares, and entitled to receive the cash or shares may include the employees of subsidiaries of the Company meeting certain specific requirements.

The term "profit" used in the first paragraph refers to the profit before tax before deducting the employee compensation and director remuneration. The distribution of employee compensation and director remuneration shall be in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders at shareholders' meeting.

B. For the years ended December 31, 2020 and 2019, employees’ compensation was accrued at $22,139 and $39,008, respectively; while directors’ and supervisors’ remuneration was accrued at $3,752 and $6,612, respectively. The aforementioned amounts were recognized in salary expenses.

The employees’ compensation and directors’ and supervisors’ remuneration were estimated and accrued based on 11.8% and 2% of distributable profit of current year for the year ended December 31, 2020.

The employees’ compensation and directors’ and supervisors’ remuneration for 2019 amounting to $39,008 and $6,612, respectively, as resolved by the Board of Directors on March 24, 2020 which were in agreement with those amounts recognized in the 2019 financial statements.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2020	Year ended December 31, 2019
Current tax:		
Current tax on profits for the period	$ 40,491	$ 76,901
Tax on undistributed surplus earnings	-	5,365
Prior year income tax (over) underestimation	(4,841)	(11,927)
Total current tax	35,650	70,339
Deferred tax:		
Origination and reversal of temporary differences	9,494	4
Total deferred tax	9,494	4
Income tax expense	$ 45,144	$ 70,343

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Changes in fair value of financial assets at fair value through other comprehensive income	($ 13,046)	$ 4,277

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2020	Year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	$ 59,398	$ 91,928
Tax exempt income by tax regulation	8,955	-
Prior year income tax (over) underestimation	(4,841)	(11,927)
Income tax paid derived of mainland China source income	(190)	(281)
Change in assessment of realisation of deferred tax assets	(19,211)	-
Temporary difference not recognized as deferred tax assets	1,033	(14,742)
Tax on undistributed earnings	-	5,365
Tax expenses	$ 45,144	$ 70,343

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

	Year ended December 31, 2020				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Business combination	December 31
Temporary differences:					
Deferred tax assets:					
Allowance for bad debt	$ 24,530	$ 4,516	$ -	$ -	$ 29,046
Inventory obsolescence and market price decline	26,667	1,640	-	-	28,307
Warranty provision	27,454	(3,698)	-	-	23,756
Net defined benefit liabilities	3,970	(1,134)	-	-	2,836
Unrealized exchange loss	7,802	741	-	-	8,543
Unrealized gain of financial assets at fair value through other comprehensive income	3,830	-	108	-	3,938
Others	778	(1,282)	-	-	(504)
Subtotal	95,031	783	108	-	95,922
Deferred tax liabilities:					
Foreign investment income using equity method	(58,538)	(4,098)	-	-	(62,636)
Gain recognized in bargain purchase transaction	-	(6,179)	-	-	(6,179)
Unrealized gain of financial assets at fair value through other comprehensive income	(11,094)	-	(13,154)	-	(24,248)
Land value increment tax	-	-	-	(5,793)	(5,793)
Subtotal	(69,632))	(10,277)	(13,154)	(5,793)	(98,856)
Total	$ 25,399	($ 9,494)	($ 13,046)	($ 5,793)	($ 2,934)

	Year ended December 31, 2019			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for bad debt	$ 17,623	$ 6,907	$ -	$ 24,530
Inventory obsolescence and market price decline	33,118	(6,451)	-	26,667
Warranty provision	35,696	(8,242)	-	27,454
Net defined benefit liabilities	5,564	(1,594)	-	3,970
Unrealized exchange loss	(595)	8,397	-	7,802
Unrealized gain of financial assets at fair value through other comprehensive income	-	-	3,830	3,830
Others	(764)	1,542	-	778
Subtotal	90,642	559	3,830	95,031
Deferred tax liabilities:				
Foreign investment income using equity method	(57,975)	(563)	-	(58,538)
Unrealized gain of financial assets at fair value through other comprehensive income	(11,541)	-	447	(11,094)
Subtotal	(69,516))	(563)	447	(69,632)
Total	$ 21,126	($ 4)	$ 4,277	$ 25,399

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

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 257,232	$ 348,125

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

(27) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 149,511	160,989	$ 0.93
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	1,258	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 149,511	162,247	$ 0.92

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 249,158	165,136	$ 1.51
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	2,499	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 249,158	167,635	$ 1.49

(28) Business combinations

A. On January 3, 2020, the Group paid $23,672 by cash to acquired 33.82% ordinary share of Utron Technologies Corp and held of 76.02% of the equity as of December 31, 2020, and obtained the control over Utron Technologies Corp. The company's main business are on sales of wire and fixture testing, printed circuit board testing equipment and systems . As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

B. The following table summarises the consideration paid for Utron Technologies Corp and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	Acquisition date
Purchase consideration	
Cash paid	$ 23,672
Fair value of equity interest in Utron Technologies Corp, held before the business combination	25,443
Non-controlling interest	25,238
	74,353
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	18,410
Accounts receivable	72,491
Other accounts receivable	6,911
Inventories	42,737
Prepayments	14,374
Property, plant and equipment	114,787
Other non-current assets	690
Bank borrowings	(76,000)
Accounts payable	(27,417)
Other accounts payable	(54,512)

Provisions for liabilities	(	248)
Unearned receipts	(	576)
Other current liabilities	(	118)
Deferred tax liabilities	(	5,793)
Non-controlling interest of subsidiaries	(	490)
Total identifiable net assets		105,246
Gain recognized in bargain purchase transaction	($	30,893)

C. Non-controlling interests was measured by the identifiable assets acquired based on the proportion of non-controlling interests.

D. The Group recognized gain in bargain purchase transaction amounting to $30,893 due to the fair value of real estate and plant of the acquired company exceeded its book value.

E. The operating revenue included in the consolidated statement of comprehensive income since January 3, 2020 contributed by Utron Technologies Corp was $59,457. Utron Technologies Corp also contributed profit before income tax of $39,071 over the same period. Had Utron Technologies Corp been consolidated from January 1, 2020, the consolidated statement of comprehensive income would show operating revenue of $59,457 and profit before income tax of $39,071.

(29) Supplemental cash flow information

Investing activities with partial cash payments

	December 31, 2020	December 31, 2019
Purchase of property, plant and equipment	$ 48,005	$ 6,895
Add: opening balance of payable on equipment	1,084	6,239
Less: ending balance of payable on equipment	(385)	(1,084)
Cash paid during the year	$ 48,704	$ 12,050

(30) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Leases liabilities	Liabilities from financing activities-gross
At January 1, 2020	$ 1,118,987	$ 473,439	$ 2,336	$ 246,481	$ 1,841,243
Changes in cash flow from financing activities	(132,577)	(326,696)	1,195	(19,516)	(477,594)
Changes in acquisition of subsidiaries	76,000	-	-	-	76,000
Changes in loss of control in subsidiaries	(8,000)	-	-	-	(8,000)
Interest expense	-	-	-	6,121	6,121
Payment of interest	-	-	-	(6,121)	(6,121)
Changes in other non-cash items	-	-	-	941	941
Charges in lease liabilities	-	-	-	34,404	34,404
At December 31, 2020	$ 1,054,410	$ 146,743	$ 3,531	$ 262,310	$ 1,466,994

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Leases liabilities	Liabilities from financing activities-gross
At January 1, 2019	$ 735,121	$ 507,300	$ 2,435	$ 267,264	$ 1,512,120
Changes in cash flow from financing activities	383,866	(33,861)	(99)	(18,749)	331,157
Interest expense	-	-	-	5,119	5,119
Payment of interest	-	-	-	(5,119)	(5,119)
Changes in other non-cash items	-	-	-	(1,182)	(1,182)
Charges in lease liabilities	-	-	-	(852)	(852)
At December 31, 2019	$ 1,118,987	$ 473,439	$ 2,336	$ 246,481	$ 1,841,243

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
Gallant Biotech (Suzhou) Co., Ltd.	Associate
Utron Technologies Corp.	Associate (Note1)
C SUN Mfg. Ltd.	Associate
C SUN(Guangzhou) Mfg. Ltd.	Associate
Sunengine Co., Ltd.	Associate (Note2)
Fujian Chengzhe Automation Technology Co., Ltd	Substantive related party

Note1: The Group increase to acquire shares of Utron Technologies Corp on January 3, 2020 and has control over the company. As the company became a subsidiary of the Group, the balance of other receivables from related parties was been eliminated.

Note2: The company was not the associate of the Group from August, 2020.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2020	Year ended December 31, 2019
Sales of goods:		
Associate	$ 13,662	$ -

B. Purchases:

	Year ended December 31, 2020	Year ended December 31, 2019
Purchases of goods:		
Substantive related party	$ 123,256	$ 31,522

The purchase prices of transactions with related parties and non-related parties were negotiated in consideration of the differences of product and the complexity of production. There were no similar transaction types with non-related parties. The transactions with related parties are subject to the terms and conditions agreed upon by both parties. The payment terms are 90 days after the date of acceptance on a monthly basis.

C. Receivables from related parties:

	December 31, 2020	December 31, 2019
Accounts receivables :		
Associate	$ 10,605	$ -
Other accounts receivables :		
Associate	$ -	$ 40,179

D. Payables to related parties:

	December 31, 2020	December 31, 2019
Accounts payable:		
Substantive related party	$ 34,274	$ 27,550
Other accounts payable:		
Associate	$ 470	$ -

E. Loans to /from related parties:

Loans to related parties:

a. Outstanding balance:

	December 31, 2020	December 31, 2019
Associates	$ -	$ 40,000

b. Interest income:

	Years ended December 31, 2020	Years ended December 31, 2019
Associates	$ -	$ 222

The loans to associates are repayable monthly over 1 years and carry interest at 2% per annum for the years ended December 31, 2020.

F. Other transactions:

	Years ended December 31, 2020		Years ended December 31, 2019	
	Items	Amount	Items	Amount
Substantive related party	Research and development expenses	$ -	Research and development expenses	$ 1,221
Associates	rental expenses	40	rental expenses	60

(3) Key management compensation

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and other short-term employee benefits	$ 44,739	$ 51,390
Post-employment benefits	17,398	1,246
Total	$ 62,137	$ 52,636

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2020	Book value December 31, 2019	Purpose
Time deposits (shown as “financial assets at amortised cost-current”)	$ 5,690	$ -	Exercise guarantee for construction
Time deposits (shown as “financial assets at amortised cost non-current”)	22,615	22,227	Exercise guarantee for construction and customs deposit
Property, plant and equipment	517,628	530,710	Long-term borrowings
	$ 545,933	$ 552,937	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Contingent liabilities

As of December 31, 2020 and December 31, 2019, the bank open a guarantee letter for the Company due to business tender and guarantee for construction amounting to $82,182 and $64,971, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(17)

12. OTHERS

(1) Capital management

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

During year ended December 31, 2020, the Group’s strategy, which was unchanged from 2019, was to maintain the gearing ratio within reasonable risk level. The gearing ratios at December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Total borrowings	$ 1,201,153	$ 1,592,426
Less: Cash and cash equivalents	(1,584,069)	(929,712)
Net debt	(382,916)	662,714
Total equity	2,671,959	2,820,436
Total capital	2,289,043	3,483,150
Gearing ratio	-	19.03%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ 120,353
Financial assets at fair value through other comprehensive income	167,966	103,462
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	1,584,069	929,712
Financial assets at amortised cost	725,367	849,169
Notes receivables	14,411	48,652
Accounts receivables (including related parties)	1,565,247	2,338,746
Other accounts receivables (including related parties)	9,431	51,625
Guarantee deposits paid	12,697	5,842
	$ 4,079,188	$ 4,447,561
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 1,054,410	$ 1,118,987
Accounts payable	1,101,104	996,060
Other accounts payable (including related parties)	282,089	321,108
Long-term borrowings (including current portion)	146,743	473,439
Guarantee deposits received	3,531	2,336
	$ 2,587,877	$ 2,911,930
Leases liabilities	$ 262,310	$ 246,481

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 52,432	28.48	$ 1,493,264
JPY:NTD	64,924	0.2763	17,939
RMB:NTD	29,190	4.377	127,764
USD: RMB	1,609	6.5067	45,828
Non-monetary items: None			
Financial liability			
Monetary items			
USD:NTD	$ 22,782	28.48	$ 648,832
JPY:NTD	119,864	0.2763	33,119
RMB:NTD	9,292	4.377	40,671
Non-monetary items :None			

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 77,187	29.98	$ 2,314,067
JPY:NTD	79,198	0.2760	21,859
RMB:NTD	3,977	4.305	17,122
USD: RMB	3,681	6.964	110,369
Non-monetary items :None			
Financial liability			
Monetary items			
USD:NTD	$ 30,513	29.98	$ 914,794
JPY:NTD	82,078	0.2760	22,653
RMB:NTD	7,163	4.305	30,838
Non-monetary items :None			

ii. Total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted ($80,717) and ($16,579), respectively.

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

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 14,933	$ -
JPY:NTD	1%	179	-
RMB:NTD	1%	1,278	-
USD: RMB	1%	458	-
Financial liability			
Monetary items			
USD:NTD	1%	($ 6,488)	$ -
JPY:NTD	1%	(331)	-
RMB:NTD	1%	(407)	-

	Year ended December 31, 2019		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 23,141	$ -
JPY:NTD	1%	219	-
RMB:NTD	1%	171	-
USD: RMB	1%	1,104	-
Financial liability			
Monetary items			
USD:NTD	1%	($ 9,148)	$ -
JPY:NTD	1%	(227)	-
RMB:NTD	1%	(318)	-

Price risk

A. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The Group’s investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $0 and $1,204, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Group’s interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the year ended December 31, 2020 and 2019, the Group’s borrowings at variable rate were denominated in the NTD, JPY ,USD. If the interest rate had increased/decreased by 1%, the amount of cash flow out for the year ended December 31, 2020 and 2019 would have increased/decreased by $6,704 and $10,072, respectively.

(b) Credit risk

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

ii. The Group manages their credit risk taking into consideration the entire group’s concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. If the contract payments were past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customer's accounts receivable, in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability of Panel industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. The provision matrix as of December 31, 2020 and 2019 is as follows:

At December 31, 2020	Without past due	Up to 0 -90 days	Up to 91 -120 days	Up to 120 days	Total
Expected loss rate	0.00%-0.92%	0.01%-24.09%	0.26%-38.91%	0.95%-100%	
Total book value	$ 1,456,763	$ 74,216	$ 18,705	$ 215,071	$1,764,755
Loss allowance	$ 4,566	$ 9,057	$ 4,493	$ 181,392	$ 199,508

At December 31, 2019	Without past due	Up to 0 -90 days	Up to 91 -120 days	Up to 120 days	Total
Expected loss rate	0.00%-0.60%	0.01%-28.02%	0.26%-32.67%	0.95%-100%	
Total book value	$ 2,040,160	$ 251,718	$ 17,341	$ 193,735	$2,502,954
Loss allowance	$ 4,257	$ 16,594	$ 4,506	$ 138,851	$ 164,208

ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	Year ended December 31, 2020
	Accounts receivable
At January 1	$ 164,208
Provision for impairment	48,110
Reversal of impairment loss	(12,821)
Write-offs	(239)
Effect of foreign exchange	250
At December 31	$ 199,508

	Year ended December 31, 2019
	Accounts receivable
At January 1	$ 124,279
Provision for impairment	89,239
Reversal of impairment loss	(17,781)
Write-offs	(30,866)
Effect of foreign exchange	(663)
At December 31	$ 164,208

x. For investments in debt instruments at amortised cost and the credit rating levels are presented below:

	December 31, 2020			
		Lifetime		
	By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 166,960	$ -	$ -	$ 166,960
Group 2	541,048	-	-	541,048
Group 3	17,359	-	-	17,359
	$ 725,367	$ -	$ -	$ 725,367

	December 31, 2019			
		Lifetime		
	By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 157,399	$ -	$ -	$ 157,399
Group 2	672,610	-	-	672,610
Group 3	19,160	-	-	19,160
	$ 849,169	$ -	$ -	$ 849,169

Group 3:Taiwai Bank
Group 3:China Bank
Group 3:Other regional Bank

(c) Liquidity risk

i . Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii . Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, beneficiary certificates and no active market of debt securities investment (Later than three mouth but not later than one years of deposit account) , choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2020 and 2019, the Group held money market position of $2,286,493 and $1,876,719, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2020	December 31, 2019
Floating rate:		
Expiring within one year	$ 1,899,957	$ 1,655,853
Expiring beyond one year	3,400	50,000

	$ 1,903,357	$ 1,705,853

The facilities expiring within one year are annual facilities subject to review at various dates during 2020. The other facilities have been arranged to help finance the proposed equipment manufacturing and research and development business activities of the Group. Please refer to note 12.

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2020	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 589,610	$ 464,800	$ -	$ -	$ -
Accounts payable(including related parties)	564,842	368,531	-	167,731	-
Other payables(including related parties)	219,989	62,100	-	-	-
Leases liabilities	5,107	14,991	17,533	44,583	234,814
Long-term borrowings (including current portion)	6,543	13,811	20,135	42,143	72,970

Non-derivative financial liabilities:

December 31, 2019	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 609,227	$ 509,760	$ -	$ -	$ -
Accounts payable(including related parties)	419,094	235,118	-	314,298	-
Other payables(including related parties)	226,691	94,417	-	-	-
Leases liabilities	5,564	15,745	20,610	30,225	245,588
Long-term borrowings (including current portion)	8,018	18,275	374,883	39,908	48,604

Derivative financial liabilities:

December 31, 2020 and December 31, 2019:None

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates, is included in Level 1

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

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

B. Financial instruments not measured at fair value

The Group's financial instruments not measured at fair value (the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, deposit account(over 3 months), short-term borrowings, contract liabilities, accounts payable, other payables, lease payments (shown as other current assets and other non-current assets) and long-term borrowings (including current portion) are approximate to their fair values.

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

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

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 167,966	$ 167,966

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 120,353	$ -	$ -	$ 120,353
Available-for-sale financial assets				
Equity securities	-	-	103,462	103,462
Total	$ 120,353	$ -	$ 103,462	$ 223,815

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

i . The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

i i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.

v . The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Group takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Group’s credit quality.

D. For the December 31, 2020 and December 31, 2019, there was no transfer into or out from Level 3.

E. The following chart is the financial instruments movement of Level 3 for the year ended December 31, 2020 and 2019:

	Year ended December 31, 2020	Year ended December 31, 2019
	equity instrument	equity instrument
At January 1	$ 103,462	$ 125,024
Gains and losses recognized in other comprehensive income	64,504	(21,562)
At December 31	$ 167,966	$ 103,462

F. For the year ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

G. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 157,672	Market comparable companies	Price to book ratio multiple	1.09~4.30	The higher the multiple , the higher the fair value
Unlisted shares	$ 10,294	Net asset value method	Not applicable	-	Not applicable

	December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 92,625	Market comparable companies	Price to book ratio multiple	0.91~3.26	The higher the multiple , the higher the fair value
Unlisted shares	$ 10,837	Net asset value method	Not applicable	-	Not applicable

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

			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 1,581	($ 1,584)

			December 31, 2019			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 928	($ 926)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

There is no material change in the Group’s segment, classified basis and measurement of segment information.

(2) Measurement of segment information

Management assess the segment performance based on the income (loss) before tax in the consolidated financial statements. The accounting policies of segment are the same with the summary of significant accounting policy in notes 4.

(3) Information about segment

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

Year ended December 31, 2020

	Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	Gallant Micro. Machining Co., Ltd.	Gallant Precision Machinery (BVI) Ltd.	Chun-Zhun Enterprise Corporation (BVI)Ltd.	APEX-I International Co., Ltd.	elimination	Amount
Revenue from external customers	$ 2,453,801	$ 85,719	$ 877,331	$ -	$ -	$ 43,540	$ -	$ 3,460,391
Inter-segment revenue	$ 17,852	$ 278,161	$ 172,666	$ -	$ -	$ -	($ 468,679)	$ -
Segment income	$ 161,726	$ 25,970	$ 74,087	$ 17,088	($ 46)	$ 10,727	($ 83,790)	$ 205,762
Total segment assets	$ 4,563,434	$ 410,348	$ 1,952,186	$ 382,594	$ -	$ 79,042	($ 1,291,534)	$ 6,096,070

Year ended December 31, 2019

	Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	Gallant Micro. Machining Co., Ltd.	Gallant Precision Machinery (BVI)Ltd.	Chun-Zhun Enterprise Corporation (BVI)Ltd.	APEX-I International Co., Ltd.	elimination	Amount
Revenue from external customers	$ 3,335,058	$ 67,386	$ 758,006	$ -	$ -	$ 75,565	$ -	$ 4,236,015
Inter-segment revenue	$ 10,036	$ 208,225	$ -	$ -	$ -	$ -	($ 218,261)	$ -
Segment income	$ 284,610	$ 17,670	$ 113,786	($ 3,554)	($ 1,328)	$ 19,996	($ 70,931)	$ 360,249
Total segment assets	$ 5,294,718	$ 364,864	$ 1,590,196	$ 361,551	$ 13,254	$ 91,185	($ 1,261,908)	$ 6,453,860

(4) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm’s length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2020 and 2019 is provided as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Reportable segments income/(loss)	$ 289,552	$ 431,180
Other	(83,790)	(70,931)
Income/(loss) before tax from continuing operations	$ 205,762	$ 360,249

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements.

A reconciliation of assets of reportable segment and total assets is as follow:

	December 31, 2020	December 31, 2019
Assets of reportable segments	$ 7,387,604	$ 7,715,768
Elimination of intersegment assets	(1,291,534)	(1,261,908)
Total assets	$ 6,096,070	$ 6,453,860

(5) Information on product and service

Revenue from external customers is mainly from manufacturing and selling of Display process equipment, semiconductor process equipment and intelligent automated equipment. Detail of revenue balance is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Display process equipment	$ 1,481,727	$ 2,808,168
Semiconductor process equipment	1,046,378	874,040
Intelligent automated transportation equipment	418,085	85,696
Other	514,201	468,111
Total	$ 3,460,391	$ 4,236,015

(6) Geographical information

The Company and its subsidiaries geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Revenue	Non-current assets (note)	Revenue	Non-current assets (note)
Taiwan	$ 1,124,349	$ 926,440	$ 1,359,275	$ 833,644
China	2,254,717	107,236	2,858,786	52,051
Others	81,325	1,225	17,954	1,305
Total	$ 3,460,391	$ 1,034,901	$ 4,236,015	$ 887,000

Note: Not included financial assets at fair value through other comprehensive income non-current, investments accounted for under equity method and deferred income tax assets.

(7) Major customer information

Revenue from specific customers that represent over 10% of total revenues of the Group for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		
	Revenue	Percentage(%)	Segment
Customer J	$ 388,525	11%	The whole Group
Customer E	366,886	11%	The whole Group

	Year ended December 31, 2019		
	Revenue	Percentage(%)	Segment
Customer J	$ 1,017,072	24%	The whole Group
Customer B	528,482	12%	The whole Group
Customer F	436,526	10%	The whole Group
Customer E	83,776	2%	The whole Group

Table 1

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Financing Company	Counter -party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral Item	Collateral Value	Financing Limits for Each Borrowing Company(Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Footnote
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Other receivables -related parties	Y	$ 50,000	$ 50,000	$ 23,000	2.00%	Short-term financing	-	Operating need	-	Promised note	50,000	$ 93,903	$ 187,805	
2	Utron Technologies Corp	U Pin Precision Co., Ltd.	Other receivables	N	$ 6,000	$ 6,000	$ 4,500	2.00%	Short-term financing	-	Operating need	-	-	-	$ 6,617	$ 13,235	

Note1 : The subsidiaries of the Company are in accordance with the "Procedures for Provision of Loans"：
(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.
(2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note2 : Utron Technologies Corp Financings provided:
(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.
(2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note3 : When a public company whose loans of funds were resolved by the board of directors in accordance with paragraph 1 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the fund have not drawn down, the company shall announce the amount of loans of funds which resolved by the board of directors to disclose exposure risks. However, if the subsequent funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk.If a public company whose chairperson be authorized within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with paragraph 2 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall announce the amount of loans of funds which resolved by the board of directors. Although the funds will be repaid later, considering the possibility of refinancing the loan, the company shall announce the amount of loans of funds which resolved by the board of directors.

Table 2

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2020

		Guaranteed Party												
No.	Endorsement/ Guarantee Provider	Name	Nature of Relationship	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party(Note1)	Maximum Balance for the Period (Note2)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Footnote
0	Gallant Precision Machining Co., Ltd.	. APEX-I International Co., Ltd.	Subsidiary	$ 443,444	$ 108,480	$ 68,480	$ -	$ -	3.09	$ 1,108,610	Y	N	N	
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Industries (Suzhou) Co., Ltd.	Subsidiary	443,444	85,440	85,440	-	-	3.85	1,108,610	Y	N	Y	
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	Subsidiary	187,805	28,480	28,480	-	-	3.03	469,513	Y	N	Y	
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Subsidiary	187,805	128,000	128,000	94,600	-	13.63	469,513	Y	N	N	

Note1:The detail of endorsements/guarantees provided by the company and subsidiary：

(1)Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

(2) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company and subsidiaries. The total endorsement/ guarantee amount to a company shall not exceed30% of the net worth of the Company and subsidiaries.

Note2:Gallant Micro. Machining Co., Ltd. endorsements guarantees provided

(1)Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company.

(2)The total endorsement/ guarantee amount to a company shall not exceed20% of the net worth of the Company.

Note3:Limits on endorsement/ guarantee amount is based on the amount of the endorsement/ guarantee contract or notes were signed between guaranteed party and financial institutions.

Table 3

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2020

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

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020 Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Footnote
Gallant-Rapid Corpration Ltd.	Phoenix & Corporation	-	Financial assets at fair value through other comprehensive income-non-current	669,375	10,294	0.59	10,294	
King Mechatronics Co., Ltd.	POWER EVER ENTFRPRISES LIMITED	-	Financial assets at fair value through other comprehensive income-non-current	624,726	157,672	10.15	157,672	
APEX-I International Co., Ltd.	Shinyu Light Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	286,891	-	1.98	-	

Table 4

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT$100 MILLION OR 20% OF PAID IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2020

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

			Transaction				Differences in transaction term compared to third party transactions(note1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases(sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (note2)
Gallant Precision Machining Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	The Company holds indirectly 100% of the investee.	Purchases	$ 246,993	10.89%	Similar to third parties	Similar to third parties	Similar to third parties	$ 71,194	6.47%	
Gallant Precision Intelligence Technology Co., Ltd.	Fujian Chengzhe Automation Technology Co.Ltd	Substantive related party	Purchases	123,256	5.44%	Similar to third parties	Similar to third parties	Similar to third parties	34,274	3.11%	

Note1: If the transaction term are different compared to third party, please describe the differences terms on column of credit term and unit price.

Note2: If the transaction have prepayment or received in advance, please describe the reason, term, amount and differences compared to third party on column of footnote.

Table 5

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	1	Purchases	$ 246,993	subject to the terms and conditions agreed upon by both parties	7.14
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	1	Accounts payable	71,194	subject to the terms and conditions agreed upon by both parties	1.17
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Industries (Suzhou) Co., Ltd.	1	Cost of sales	33,022	subject to the terms and conditions agreed upon by both parties	0.95
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	3	Sales	53,891	subject to the terms and conditions agreed upon by both parties	1.56
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	3	Accounts receivable	18,611	subject to the terms and conditions agreed upon by both parties	0.31
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	3	Purchases	35,611	subject to the terms and conditions agreed upon by both parties	1.03
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	3	Other accounts receivable	23,000	no	0.38
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Sales	22,780	subject to the terms and conditions agreed upon by both parties	0.66
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Purchases	59,374	subject to the terms and conditions agreed upon by both parties	1.72
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Accounts payable	26,426	subject to the terms and conditions agreed upon by both parties	0.43

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:
(1) The Company to the consolidated subsidiaries.
(2) The consolidated subsidiaries to the Company.
(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: The information only disclosing for the amount of transactions are more than $10,000 thousand and counter parties shall not disclose.

Table 6

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2020

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

				Original Investment Amount		Balance as of December 31, 2020					
Investor Company	Investee Company	Location	Main Businesses and Products	December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value	Net Income (Losses) of the Investee(note1)	Share of Profits/ Losses of Investee(note1)	Footnote
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	British Virgin Islands	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	$ 459,050	$ 459,050	13,560,000	100.00	$ 233,377	$ 19,852	$ 19,852	
Gallant Precision Machining Co., Ltd.	Gallant Precision Machinery (BVI) Ltd.	British Virgin Islands	Investment Gallant Precision Machinery（Xiamen）Co., Ltd.	660,506	660,506	20,289,000	100.00	381,093	15,038	15,038	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Taiwan	Marketing and selling of process equipment of LCD and related parts.	46,657	46,657	6,600,000	100.00	70,421	7,850	7,850	
Gallant Precision Machining Co., Ltd.	Chun-Zhun Enterprise Corporation Ltd.	British Virgin Islands	Investing in Gallant Technology (Shenzhen) Co., Ltd. and Chun-Zhun Precision Machining (Guang Zhou Nan Sha) Corporation	-	125,671	-	-	-	(46)	(46)	Note2
Gallant Precision Machining Co., Ltd.	Sunengine Co., Ltd.	Taiwan	Manufacturing and selling of battery and energy technology services business	-	366,877	-	-	-	(2,380)	(901)	Note3
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor related equipment and parts	379,182	379,182	16,171,750	57.19	537,027	44,522	25,462	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	British Virgin Islands	Investment Gallant Micro. Machining (Suzhou) Co., Ltd.	393,508	393,508	2,780,645	100.00	804,996	23,297	23,297	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd.	Malaysia	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	3,992	3,992	500,000	100.00	2,748	54	54	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Taiwan	Testing of wire and tools and testing equipment of PBC and related systems	53,212	29,540	2,660,600	76.02	50,306	(39,071)	(29,702)	
Utron Technologies Corp	U Pin Precision Co., Ltd.	Taiwan	Planning, development, design and manufacturing of electrical logging fixture	-	7,636	-	-	-	373	257	

Note1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Note2: The subsidiary has been completed the dissolution and liquidation procedure in June 2020.

Note3: The Group has sold all shares of the investment.

Table 7

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

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

					Investment Flows								
Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Outflow	Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (note 2(2)B)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Footnote
Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	$ 179,994	2	$ 149,264	$ -	$ -	$ 149,264	$ 20,950	100.00	$ 20,950	$ 199,421	$ -	Note2- 2.C
Gallant Precision Machinery (Xiamen) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	543,968	2	543,968	-	-	543,968	15,205	100.00	15,205	382,562	-	Note2- 2.C
Gallant Technology (Shenzhen) Co., Ltd.	Manufacturing of medical and mechanical related equipment	59,409	2	59,409	-	(9,429)	49,980	58	100.00	58	-	-	Note2- 2.C Note4
CHUN-ZHUN Precision Machining(Guang Zhou Nan Sha)Corporation	-	-	2	46,337	-	-	46,337	-	-	-	-	-	Note2- 2.C
Suzhou Top Creation Machines Co.,Ltd.	PCB / FPC Wet Process Equipments	156,640	2	29,870	-	(1,779)	28,091	-	10.15	-	157,672	6,507	Note2- 2.C
Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	129,584	2	229,066	-	-	229,066	21,984	57.19	12,573	655,501	-	Note2- 2.B
Hitachi Zosen GPM Technology (Suzhou) Co., Ltd.	Manufacturing and selling of kinds of film forming system, filling and packaging system and related services.	166,326	3	-	-	-	-	(12,833)	30.00	-	-	-	Note2- 2.C Note6
Gallant International Trading Co., Ltd.	Engaged in selling of mechanical equipment	30,639	3	-	-	-	-	(162)	100.00	(162)	6,223	-	Note2- 2.C
Suzhou Jianmeifu Optical Co., Ltd.	Engaged in wholesale and retail of contact lenses and related care products	17,508	3	-	-	-	-	(92)	100.00	(92)	-	-	Note2- 2.C Note7
Gallant Precision Intelligence Technology Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	43,770	3	-	-	-	-	(3,253)	60.00	(1,952)	55,306	-	Note2- 2.C
Gallant Biotech (Suzhou) Co., Ltd.	Manafacturing, research, development and selling of medical equipment	42,816	3	-	-	-	-	(13,672)	29.14	(3,984)	-	-	Note2- 2.C Note5

Investee Company	Accumulated Investment in Mainland China as of December 31, 2020		Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment	
Gallant Precision Machining Co., Ltd.	$	789,549	$	942,885	$	1,330,333
Gallant Micro. Machining Co., Ltd.		257,157		257,157		563,416

Note1: There are three methods of investment as follows

(1) Directly invest in Mainland China.

(2) Indirectly invest in Mainland China.

(3) Others.

Note2: Share of Profits/Losses recognized for the year ended December, 2015:

(1) No investment income (loss) recognition.

(2) There are three basis for investment income (loss) recognition.

A. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by R.O.C. parent company's CPA.

C. Others (The basis for investment income (loss) recognition is from the non-audited financial statements prepared by the investees.

Note3: The amounts of paid-in capital and accumulated beginning and ending balance have translated to New Taiwan Dollars at the closing exchange rate.

Note4: The investment had completed liquidating procedure in June, 2020.

Note5: The Group had sold 29.14% shares of Gallant Biotech (Suzhou) Co., Ltd in June, 2020.

Note6: The investment had completed liquidating procedure in March, 2020.

Note7: The investment had completed liquidating procedure in October, 2020.

Note8: The investment review committee of the Ministry of Economic Affairs verified the amount of investment in investment businesses in the mainland based on the exchange rate USD:NTD=1:28.48 on December 31, 2020.

Table 8

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHLDER

FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2020

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

	Shares	
Shareholders	Total Shares Owned	Ownership Percentage
C SUN Mfg. Ltd.	35,537,827	23.94%

Note1: The main shareholder information in this table is based on the last business day at the end of each quarter by the China Insurance Company, which calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder’s declaration of insider’s equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider’s equity declaration, please refer to Public information observatory.