

**TATUNG CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2020 AND 2019**

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The reader is advised that these parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## **Independent Auditors' Report**

### English Translation of a Report Originally Issued in Chinese

To Tatung Co., Ltd.

#### **Opinion**

We have audited the accompanying parent company only balance sheets of Tatung Co., Ltd. (“the Company”) as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the parent company only financial statements including the summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2020 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## 1. Revenue Recognition

The Company recognized net sales in the amount of NT\$15,863,678 thousand in 2020. The Company operated in various industries and the sales amount was relatively large. The sales terms varied accordingly, that the appropriateness of timing of revenue recognition on when performance obligation is satisfied would affect revenue recognized. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal controls in the sales cycle; selecting samples to perform tests of details, examining contracts or sales orders; reviewing significant terms and condition of contracts; performing cut off testing by selecting a set of samples of transactions from either side of year-end and vouching supporting evidences to ensure the reasonableness of revenue cut-off; performing analytical procedures on gross margin and sales from major customers; reviewing significant subsequent sales returns and discounts to verify the occurrence of sales transactions and reasonableness of the timing of revenue recognition.

Please refer to Notes 4, 5 and 6 to the parent company only financial statements for the disclosure of the matter of operating revenues.

## 2. Contingent liabilities

Chunghwa Picture Tubes Technology (Group) Co., Ltd. (“CPTTG”) filed an action in Fujian Higher People's Court against Chunghwa Picture Tubes (Bermuda) Ltd. (“CPTB”) for RMB 1.914 billion on December 29, 2018 and applied for property preservation against CPTB on January 8, 2019. On March 28, 2019, CPTTG filed an action against Tatung Co., Ltd. and CPT, which are liable for joint liabilities, and increased the amount of claim to RMB 3.029 billion on May 10, 2019. As the Company holds 39.67% shares of comprehensive shareholding percentage of CPT. And CPT has 100% ownership in CPTB according to equity method, and that whether the Company is jointly liable, are material to the parent only financial statements. The Company and CPT claimed that the amount mentioned above could possibly be solved by litigation proceedings. According to IAS 37, contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity or the amount of the obligation could not be measured reliably, therefore the Company could not recognize the liability. The assertion involved significant judgement and assessment of the management. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, obtaining and examining the supporting documents of the assertion; examining board of directors meeting minutes and legal documents; inquiring the management, the internal legal team and the external legal counsel; obtaining legal opinion from the external legal counsel to confirm the reasonableness and conformity of the accounting judgment and assessment.

Please refer to Note 9 to the parent company only financial statements for the disclosure of significant contingent liability of the Company.

### 3. Investment in equity method

As of December 31, 2020, the Company's investment measured with equity method is NT\$ 59,563,013 thousand and was accounted for 73% of the total asset of the Company, which is deemed material to the parent company only financial statements of the Company. To examine whether the Company has substantial control over these investee companies, if it has, to confirm whether they have been treated as subsidiaries according to regulations, and been included in the consolidated financial statements. Furthermore, for the long-term equity investments that have significant influence on the invested companies, to confirm whether they were evaluated by the equity method that the above accounting treatment has a significant impact on the parent company only financial statements, therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, obtaining the latest investment structure chart regularly, querying related changes, and understanding the appropriateness of the accounting and classification of the investment measured with equity method of the Company. Evaluate the holding shares in each investment, analyze the structures of board of directors and management, and the shareholders and related investments contracts to evaluate whether the Company has complied with TIFRS for its investments.

Moreover, when confirming the investment income and loss and other comprehensive income measured with equity method, we confirmed whether the related financial statements have been certified by accountants and whether the impact of significant items of the financial statements of the investee company in the financial statements have been evaluated and whether such investments measured with equity method have been in compliance with IFRS and IAS. In addition, we sent confirmations or performed physical count to verify the existence and ownership of the investment in equity method.

Please refer to Notes 4 and 6 to the parent company only financial statements for the disclosure of the investments in equity method.

#### 4. Non-financial Assets Impairment

As of December 31, 2020, the net value of property, plant and equipment accounted for 5% of the total asset of the Company, which is deemed material to the parent company only financial statements of the Company. The Company occurred operating loss in recent years, which indicated a possibility of impairment of property, plant and equipment as of December 31, 2020. In addition, the assessment process of impairment of aforementioned non-financial assets relied highly on the subjective judgment and involves uncertainty in estimation. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to obtaining representation letter; examining the evaluation that the Company made on impairment of property, plant and equipment and cash generating unit; obtaining information on assessing the recoverable amount and assumptions. We also examined the Company's historical information and other business' financial information to evaluate whether the assumptions such as sales growth rate, gross margin and operating profit margin applied in the cash flow forecast are reasonable, and that whether assumptions for various data are consistent. The recoverable amounts, which deducted costs of disposal from fair value, were evaluated the relevance and reliability with respect to the methodology, assumptions and significant parameters (such as market price), to confirm the reasonableness of the result of the impairment test.

Please refer to Notes 5 and 6 to the parent company only financial statements for the disclosure of property, plant and equipment of the Company as of December 31, 2020.

#### **Other Matter – Making Reference to the Audit(s) of (a) Component Auditor(s)**

We did not audit the financial statements of certain invested companies, and were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The investment in these invested companies under equity method amounted to NT\$6,344,308 thousand and NT\$5,220,316 thousand, accounting for 8% and 6% of total assets as of December 31, 2020 and 2019, respectively. The related shares of profits (losses) recognized from subsidiaries, the associates and joint ventures under the equity method amounted to NT\$178,721 thousand and NT\$107,773 thousand, accounting for (18)% and 4% of the net (loss) income before tax for the years ended December 31 2020 and 2019, respectively; and the related shares of other comprehensive income from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(42,065) thousand and NT\$48,004 thousand, accounting for 10% and 12% of the other comprehensive income, net, for the years ended December 31, 2020 and 2019, respectively.

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identified and assessed the risks of material misstatement of the parent company only 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. Obtained 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 Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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 Company'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude 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.

/S/Hsuan-Hsuan Wang

/S/Hsin-Min Hsu

Ernst & Young  
Taipei, Taiwan  
Republic of China  
March 25, 2021

Notice to Readers

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



English Translation of Parent Company Only Financial Statement Originally Issued in Chinese

TATUNG CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
As of December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019	
Contents	Note	Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	4, 6	\$2,726,027	4	\$3,076,171	4
Financial assets at fair value through profit or loss, current	4, 6	-	-	15,004	-
Financial assets at fair value through other comprehensive income, current	4, 6	339,574	-	343,563	-
Financial assets at amortised cost, current	4, 6, 8	1,436,035	2	1,741,451	2
Contract assets, current	4, 6, 7	119,835	-	133,394	-
Notes receivable, net	4, 5, 6	149,563	-	126,322	-
Accounts receivable, net	4, 5, 6	1,524,795	2	2,027,647	3
Accounts receivable - related parties, net	4, 5, 6, 7	1,622,552	2	1,694,408	2
Operating lease receivables, net	4, 5	61	-	132	-
Finance lease receivable, net	4	307,610	-	98,050	-
Other receivables	4, 5	202,570	-	60,280	-
Other receivables - related parties	4, 5, 7	552,888	1	870,609	1
Current tax assets	4	12,735	-	12,489	-
Inventories	4, 5, 6	3,529,692	4	4,051,829	5
Prepayments	4, 6, 7	124,984	-	365,641	-
Non-current assets held for sale, net	4, 6, 8	-	-	287,750	-
<b>Total current assets</b>		<b>12,648,921</b>	<b>15</b>	<b>14,904,740</b>	<b>17</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income, non-current	4, 6	207,330	-	152,148	-
Financial assets at amortised cost, non-current	4, 6, 8	942,550	1	346,043	1
Investments accounted for under the equity method	4, 6, 8	59,563,013	73	59,090,267	72
Contract assets, non-current	4, 6	76,514	-	76,514	-
Property, plant and equipment	4, 5, 6, 7, 8	4,141,272	5	3,816,411	5
Right-of-use asset	4, 6, 7	60,041	-	295,505	-
Investment property, net	4, 5, 6	166,550	-	163,230	-
Intangible assets	4, 6	3,042	-	3,413	-
Deferred tax assets	4, 5, 6	525,193	1	483,228	1
Other non-current assets	6	352,862	1	299,260	-
Refundable deposits		351,160	-	387,317	1
Long-term receivable	4, 6	-	-	1,592	-
Long-term receivable-related parties	4, 7	2,670,179	3	2,585,354	3
Long-term finance lease receivable-related parties, net	4, 5	37,866	-	37,866	-
Long-term finance lease receivable, net	6, 7	364,113	1	248,527	-
<b>Total non-current assets</b>		<b>69,461,685</b>	<b>85</b>	<b>67,986,675</b>	<b>83</b>
<b>Total assets</b>		<b>\$82,110,606</b>	<b>100</b>	<b>\$82,891,415</b>	<b>100</b>

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
As of December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2020		December 31, 2019	
Contents	Note	Amount	%	Amount	%
Current liabilities					
Short-term loans	4, 6, 8	\$699,210	1	\$1,528,691	2
Short-term notes and bills payable	6	-	-	151,794	-
Financial liabilities at fair value through profit or loss, current	4, 6	5,367	-	2,808	-
Contract liabilities, current	4, 6, 7	519,497	1	364,576	-
Accounts payable		2,302,471	3	2,461,380	3
Accounts payable - related parties	7	676,741	1	347,398	-
Other payables		935,014	1	1,115,091	1
Other payables - related parties	7	3,519,167	4	2,097,671	3
Provision, current	4, 5, 6	116,375	-	181,225	-
Lease liability, current	4, 6, 7	28,984	-	262,267	-
Advanced receipts	6	3,516	-	588,899	1
Deferred revenue	4, 6	-	-	18,804	-
Current portion of long-term loans	4, 6, 8	6,504,289	8	2,250,488	3
Other current liabilities - others		27,841	-	46,877	-
Total current liabilities		15,338,472	19	11,417,969	13
Non-current liabilities					
Long-term loans	4, 6, 8	19,162,999	24	23,526,251	28
Deferred tax liabilities	4, 5, 6	403,876	1	341,911	-
Lease liability, non-current	4, 6, 7	31,397	-	35,932	-
Net defined benefit liability	4, 5, 6	326,771	-	545,854	1
Guarantee deposits		2,790	-	1,079	-
Deferred credit for investments accounted for under the equity method	4, 6	11,742,261	14	10,366,111	13
Total non-current liabilities		31,670,094	39	34,817,138	42
Total liabilities		47,008,566	58	46,235,107	55
Equity					
Capital stock					
Common stock	6	23,395,367	28	23,395,367	28
Capital reserve	6	3,305,175	4	3,363,085	4
Retained earnings	6				
Legal reserve		323,942	-	36,354	-
Special reserve		9,730,518	12	7,738,019	10
Unappropriated earnings (accumulated deficit)		(866,190)	(1)	2,559,762	4
Total retained earnings		9,188,270	11	10,334,135	14
Other equities	4				
Exchange differences on translation of foreign operations	4	(974,849)	(1)	(779,340)	(1)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	4	(47,848)	-	76,182	-
Revaluation surplus of real estate		266,779	-	266,779	-
Equity related to non-current assets classified as held for sale		-	-	30,954	-
Total other equities		(755,918)	(1)	(405,425)	(1)
Treasury stock	4, 6	(30,854)	-	(30,854)	-
Total equity		35,102,040	42	36,656,308	45
Total liabilities and equity		\$82,110,606	100	\$82,891,415	100

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	Note	For the years ended December 31			
		2020		2019	
		Amount	%	Amount	%
Operating revenues	4, 6, 7	\$16,064,187	101	\$17,940,959	101
Less: Sales returns	5, 6	(22,317)	-	(19,583)	-
Less: Sales allowances	5, 6	(178,192)	(1)	(95,627)	(1)
Net operating revenues		15,863,678	100	17,825,749	100
Operating costs	5, 6, 7	(14,734,458)	(93)	(16,036,722)	(90)
Net gross profit		1,129,220	7	1,789,027	10
Unrealized gross profit	4, 6, 7	(48,119)	-	(58,855)	-
Realized gross profit		63,956	-	70,623	-
Gross profit		1,145,057	7	1,800,795	10
Operating expenses	6, 7				
Sales and marketing		(863,828)	(5)	(905,937)	(5)
General and administrative		(1,267,812)	(8)	(1,085,563)	(6)
Research and development		(560,863)	(4)	(654,565)	(4)
Expected credit losses		(262,481)	(2)	(18,669)	-
Subtotal		(2,954,984)	(19)	(2,664,734)	(15)
Net other income and expense		110	-	82	-
Operating loss		(1,809,817)	(12)	(863,857)	(5)
Non-operating income and expenses					
Interest income		94,266	-	6,324	-
Other income	4, 6, 7	277,107	2	390,290	2
Other gains and (losses)	6	771,572	5	(99,746)	-
Finance costs	4, 6, 7	(659,687)	(4)	(749,022)	(4)
Expected credit gains (losses)	6	24,144	-	(1,372,670)	(8)
Share of profit of associates and joint ventures accounted for using equity method	6	284,606	2	5,291,018	30
Subtotal		792,008	5	3,466,194	20
(Loss) income before income tax		(1,017,809)	(7)	2,602,337	15
Income tax (expense) benefit	4, 5, 6	(58,528)	-	273,542	2
Net (loss) income		(1,076,337)	(7)	2,875,879	17
Other comprehensive income (loss)	4, 6				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans		(87,607)	(1)	(15,699)	-
Revaluation surplus of real estate		-	-	56,942	-
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		90,394	1	67,705	-
Share of other comprehensive income (loss) of associates and joint ventures which will not be reclassified subsequently to profit or loss		(194,086)	(1)	326,277	2
Items that may be reclassified subsequently to profit or loss:					
Equity related to non-current assets classified as held for sale		(30,954)	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures which may be reclassified subsequently to profit or loss		(195,509)	(2)	(22,903)	-
Total other comprehensive (loss) income, net of income tax		(417,762)	(3)	412,322	2
Total comprehensive (loss) income		<u>\$(1,494,099)</u>	<u>(10)</u>	<u>\$3,288,201</u>	<u>19</u>
Earnings (loss) per share	6				
Basic (loss) earnings per share (NT\$)		<u>\$(0.46)</u>		<u>\$1.24</u>	
Diluted (loss) earnings per share (NT\$)		<u>\$(0.46)</u>		<u>\$1.24</u>	

## TATUNG CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019

( Expressed in Thousands of New Taiwan Dollars)

Contents	Equity Attributable to Equity Holders of Parent										
	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of Foreign Operations	Gain or Loss from Investment in Equity Instruments Measured at Fair Value through Other Income	Revaluation Surplus of Real Estate	Equity Related to Non-current Assets Classified as Held for Sale	Treasury Stock	Total
Balance as of January 1, 2019	\$23,395,367	\$3,283,032	\$36,354	\$18,327,409	\$(10,243,598)	\$(756,437)	\$141,063	\$-	\$30,954	\$(1,214,021)	\$33,000,123
Special reserve used to offset accumulated deficits	-	-	-	(10,243,598)	10,243,598	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(345,792)	345,792	-	-	-	-	-	-
Net income in 2019	-	-	-	-	2,875,879	-	-	-	-	-	2,875,879
Other comprehensive income (loss) in 2019	-	-	-	-	(26,842)	(22,903)	195,288	266,779	-	-	412,322
Total comprehensive income (loss)	-	-	-	-	2,849,037	(22,903)	195,288	266,779	-	-	3,288,201
Subsidiary disposal of parent company shares is treated as treasury shares	-	-	-	-	(762,403)	-	-	-	-	1,183,167	420,764
Changes in ownership interests in subsidiaries	-	80,053	-	-	(132,833)	-	-	-	-	-	(52,780)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	260,169	-	(260,169)	-	-	-	-
Balance as of December 31, 2019	\$23,395,367	\$3,363,085	\$36,354	\$7,738,019	\$2,559,762	\$(779,340)	\$76,182	\$266,779	\$30,954	\$(30,854)	\$36,656,308
Balance as of January 1, 2020	\$23,395,367	\$3,363,085	\$36,354	\$7,738,019	\$2,559,762	\$(779,340)	\$76,182	\$266,779	\$30,954	\$(30,854)	\$36,656,308
Legal reserve	-	-	287,588	-	(287,588)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(279,675)	279,675	-	-	-	-	-	-
Special reserve	-	-	-	2,272,174	(2,272,174)	-	-	-	-	-	-
Net loss in 2020	-	-	-	-	(1,076,337)	-	-	-	-	-	(1,076,337)
Other comprehensive (loss) income in 2020	-	-	-	-	(103,119)	(195,509)	(88,180)	-	(30,954)	-	(417,762)
Total comprehensive (loss) income	-	-	-	-	(1,179,456)	(195,509)	(88,180)	-	(30,954)	-	(1,494,099)
Changes in ownership interests in subsidiaries	-	(57,910)	-	-	(2,259)	-	-	-	-	-	(60,169)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	35,850	-	(35,850)	-	-	-	-
Balance as of December 31, 2020	\$23,395,367	\$3,305,175	\$323,942	\$9,730,518	\$(866,190)	\$(974,849)	\$(47,848)	\$266,779	\$-	\$(30,854)	\$35,102,040

TATUNG CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the year ended December 31		Contents	For the year ended December 31	
	2020	2019		2020	2019
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities :		
Net (loss) income before income tax	\$ (1,017,809)	\$2,602,337	Disposal of financial assets at fair value through other comprehensive income	39,201	95,125
Adjustments to reconcile net (loss) income to net cash generated from operating activities:			Acquisition of financial assets at amortised cost	(3,280,873)	(2,996,594)
Depreciation expense	709,266	766,941	Disposal of financial assets at amortised cost	2,989,782	2,096,289
Amortization expense	3,121	9,111	Acquisition of financial assets at fair value through profit or loss	(3,000)	(15,000)
Expected credit losses	238,337	1,391,339	Disposal of financial assets at fair value through profit or loss	19,301	24,616
Net gain from financial asset or liability at fair value through profit or loss	(883)	(19,936)	Acquisition of investments accounted for using equity method	(1,088,736)	(2,844,569)
Finance costs	659,687	749,022	Disposal of investments accounted for using equity method	-	181,373
Interest income	(94,266)	(6,324)	Cash refund from capital reduction of investments accounted for under the equity method	-	367,000
Dividend income	(23,087)	(31,046)	Proceeds from disposal of non-current assets classified as held for sale	102,582	-
Share of profit of associates and joint ventures accounted for using equity method	(284,606)	(5,291,018)	Acquisition of property, plant and equipment	(711,059)	(326,003)
(Gain) Loss on disposal of property, plant and equipment	(7,204)	1,836	Disposal of property, plant and equipment	20,853	1,438
Gain on disposal of investments	(1,079,464)	(607,137)	Increase in receipts in advance due to disposal of assets	-	488,756
Impairment loss on non-financial assets	66,382	230,197	Decrease in deposits-out	36,157	134,299
Unrealized loss from sales	(15,837)	(11,768)	Acquisition of intangible assets	(2,750)	(241)
Gain on fair value adjustment of investment property	(3,320)	-	Net cash provided by (used in) investing activities	1,878,542	(2,793,511)
Gain from lease modification	(110)	(82)			
Changes in assets and liabilities from operating activities:					
Contract assets	(72,340)	74,406	Cash flows from financing activities :		
Notes receivable	(23,241)	77,612	Increase in short-term loans	1,636,156	13,337,625
Accounts receivable	326,761	69,314	Decrease in short-term loans	(2,465,637)	(16,410,630)
Accounts receivable - related parties	71,856	144,749	Decrease in short-term notes and bills payable	(151,794)	(100,117)
Other receivables	42,320	(40,415)	Proceeds from long-term loans	3,000,000	1,143,273
Other receivables - related parties	279,193	379,194	Repayment of long-term loans	(3,109,451)	(3,922,182)
Inventories	445,663	474,365	Increase in guarantee deposits	1,711	29
Prepayments	60,371	292,181	Increase in other payables - related parties	1,450,000	1,950,000
Finance lease receivable	(325,146)	(136,391)	Payments of lease liabilities	(273,311)	(272,520)
Operating lease receivable - related parties	71	(132)	Net cash provided by (used in) financing activities	87,674	(4,274,522)
Other non-current assets	102,012	(127,487)			
Long-term Finance lease receivable - related parties	34,657	(58,043)	Effect of exchange rate changes on cash and cash equivalents	-	-
Contract liabilities	154,921	(38,391)	Net (decrease) increase in cash and cash equivalents	(350,144)	1,000,065
Accounts payable	(149,518)	(366,583)			
Accounts payable - related parties	329,343	(103,009)	Cash and cash equivalents, beginning of periods	3,076,171	2,076,106
Other payables	(199,427)	132,004	Cash and cash equivalents, end of periods	\$2,726,027	\$3,076,171
Other payables - related parties	(28,504)	67,158			
Provision	(64,850)	96,313			
Advanced receipts	3,516	(38)			
Financial liabilities at fair value through profit or loss	2,551	204			
Other current liabilities - others	(11,047)	20,776			
Net defined benefit liability	(306,690)	(123,994)			
Long-term payable	-	(23,526)			
Deferred revenue	(18,804)	(30,990)			
Cash (used in) provided by operations	(196,125)	562,749			
Interest received	6,050	6,324			
Dividend received	2,250,048	8,251,167			
Interest paid	(619,003)	(753,597)			
Income taxes (paid) return	(246)	1,455			
Net cash provided by operating activities	1,440,724	8,068,098			

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
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1. Organization operations

Established in 1918, Tatung Company (the “Company”) was incorporated under the Company Act of the Republic of China (“R.O.C.”) and underwent reorganization in 1939. The total capital at that time was Taiwan Yuan \$180,000, later increased to Taiwan Yuan \$20,000,000 after several capital injections. After the reformation of monetary system in 1949, the total capital was converted to the equivalent of New Taiwan dollars (“NTD”) 200,000. As of December 31, 2020, the issued and registered capital was NTD23,395,367 thousand. The main activities of the Company are as follows:

(1) The design, manufacture, sale, installation, network system, automation system, lease, maintenance service, import, export and agency of the following products:

- |                                 |                                       |
|---------------------------------|---------------------------------------|
| ① Steel manufacturing machinery | ② Industrial appliances               |
| ③ Household appliances          | ④ Refrigerators                       |
| ⑤ Air conditioners              | ⑥ Metal processing machinery          |
| ⑦ Electronic products           | ⑧ Wire and cable                      |
| ⑨ Chemical industry             | ⑩ Cookware                            |
| ⑪ Wood-made products            | ⑫ Plastic products                    |
| ⑬ Office equipment              | ⑭ Audio products                      |
| ⑮ Precision meters              | ⑯ Transmission equipment              |
| ⑰ Transportation facilities     | ⑱ Healthcare products                 |
| ⑲ Microbe fermentation          | ⑳ Construction                        |
| ㉑ Furniture                     | ㉒ Solar wafers                        |
| ㉓ Water treatment engineering   | ㉔ Telecommunication equipment         |
| ㉕ Parking facilities            | ㉖ Automation machinery                |
| ㉗ Semiconductors                | ㉘ Real estate development and leasing |

(2) Magazine publishing

(3) Customs brokerage

(4) General import/export (excluding permitted business)

(5) Development and leasing (excluding construction industry) of industrial parks on behalf of the competent authority.

TATUNG CO., LTD.

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The investment plans should be approved by the Board of Directors; however, the investment amount is not limited to the amount provided by Article 13 of Company Act, which states that the total investment amount shall not exceed 40% of the amount of its own paid-in capital.

The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on February 9, 1962. The Company's registered office and the main business location is at No. 22, Zhongshan North Road, Section 3, Taipei, Republic of China (R.O.C.).

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2020 and 2019 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 25, 2021.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2020. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Company.

The Company elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after January 1, 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

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(a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

- A. A company will not have to derecognize or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 Insurance Contracts	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023



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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
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A. IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

B. IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

- a. estimates of future cash flows;
- b. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- c. a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

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IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

a. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

b. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

c. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

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d. Annual Improvements to IFRS Standards 2018 - 2020

*Amendment to IFRS 1*

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

*Amendment to IFRS 9 Financial Instruments*

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

*Amendment to Illustrative Examples Accompanying IFRS 16 Leases*

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

*Amendment to IAS 41*

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

E. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

F. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under(A)and(D), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

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4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NTD”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NTD).

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated by the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of its initial transactions.

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All exchange differences arising from the settlement or translation of monetary items are taken into profit or loss in the period which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset. If the differences are regarded as an adjustment to interest costs, which will be capitalized and take as part of the cost of the borrowing.
- B. Foreign currency items within the scope of IAS 39 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign entities are translated into NTD at the closing exchange rate at the balance sheet date. Income and expenses are translated at an average rate within the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. The Company holds the asset primarily for the purpose of trading;
- C. The Company expects to realize the asset within twelve months after the reporting period;
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle ;
- B. The Company holds the liability primarily for the purpose of trading ;
- C. The liability is due to be settled within twelve months after the reporting period ;
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

*Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

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Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

*Financial asset measured at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.



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Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

*Financial asset measured at fair value through profit or loss*

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

**B. Impairment of financial assets**

The Company recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16 (before January 1, 2020: IAS 17), the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

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D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments* (before January 1, 2020: IAS 39 *Financial Instruments: Recognition and Measurement*).

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Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial assets, financial liabilities or both is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

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Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

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Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - purchase cost on weighted average cost formula

Work in progress and finished goods - cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity on weighted average cost formula, but not including borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories

(11) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the parent company only statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Company retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

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(12) Investments under equity method

The Company's investment in its subsidiaries is presented as investments accounted for using the equity method and adjusted by necessary measurements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements.

These adjustments resulted from considering the different treatments of investments in subsidiaries under IFRS 10 Consolidated Financial Statements and under IFRS applied to different entity level. These investments may be debited or credited using the equity method, as share of profits (losses) of subsidiaries, associates and joint ventures, or share of other comprehensive income (loss) of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro-rata basis.



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When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid in capital and investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Financial Instruments: Recognition and Measurement. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment, or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

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(13) Property, plant and equipment

Property, plant and equipment is stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3~50 year
Machinery and equipment	5~20 year
Transportation equipment	2~10 year
Office equipment	2~10 year
Leasehold improvements	The shorter of lease terms or economic useful lives
Other equipment	2~15 year

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(14) Investment property

Investment property for self-use should be initially measured at cost, including transaction costs. The cost of a purchased investment property includes the purchase price and any directly attributable expenses. Directly attributable expenses include legal service fees, property transfer taxes and other transaction costs.

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Investment property is measured by fair value model and the change of fair value is recognized as profit & loss in the current period in accordance with IAS 40 “Investment property”. However, those categorized held for sale and discontinued operations according to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” which met the criteria of non-current asset held for sale (including disposal group held for sale), and those met the criteria of the 53<sup>rd</sup> paragraph of IAS 40 “Investment property” were excluded.

If investment property for self use is converted into investment property reported at fair value, the difference between the carrying amount recognized in accordance with IAS 16 and its fair value on the date of change of use shall be treated in accordance with the revaluation approach under IAS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

(15) Leases

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

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

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Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement’s comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

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(16) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite live are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is disposed.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- B. Its intention to complete and its ability to use or sell the asset
- C. How the asset will generate future economic benefits
- D. The availability of resources to complete the asset
- E. The ability to measure reliably the expenditure during development

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Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

Patents

Patents are amortized over the period of useful life.

Technical cooperation costs

The technical cooperation has been granted 3~10 years of using right depends on different items.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	Patents	Technology Cooperation Costs	Computer software
Useful lives	Finite	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the period of the patent	Amortized on a straight-line basis over the period of the technology cooperation terms	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(17) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Maintenance warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.



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Legal provisions

The Group regularly estimates the legal costs according to historical experience. If the obligation is highly likely to occur and the amount can be reasonably estimated, the Group recognizes related provisions for the legal matters

(19) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(20) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the right to use and gains almost all of the residual benefit). The main products of the Company are cable, voltage transformer, motors and house appliances, and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

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The credit period of the Company's sale of goods is from 30 to 180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. For some contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

#### Rendering of services

The Company provides maintenance services for the sale of products and other professional services. Such services are separately priced or negotiated and provided based on contract periods. As the Company provides the maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by straight-line method over the contract period.

Most of the contractual considerations of the Company are collected evenly throughout the contract periods. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

#### Construction contract

When the outcome of the construction contract could be reasonably estimated, revenue and costs from the construction contract would be recognized by reference to the stage of completion which was measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs at reporting date.

When the outcome of the construction contract couldn't be reasonably estimated, cost recovery method would be applied. Revenue could only be recognized to the same amount of costs incurred.

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When the estimated total cost of the contract is reasonably possible more than total revenue forms the contract, the expected loss should be recognized as expense immediately.

The Company usually reclassifies the aforementioned contract liability to revenue within a year and hence does not lead to a significant financial component.

(21) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(22) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(23) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

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For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employee's subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(24) Income taxes

Income tax expense (benefit) is the aggregate amount of current and deferred taxes which included in the determination of current profit or loss.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities offset, only if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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5. Significant accounting judgments estimates and assumptions

The preparation of the Company's parent only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at balance sheet date. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

(a) Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 10% of the total property.

(b) Operating lease commitment – Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(c) De facto control without a majority of the voting rights in subsidiaries

The Company does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these subsidiaries.

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(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Please refer to Note 6 for more details.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases. Please refer to Note 6 for more details.

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(d) Provisions

The Company regularly estimates the legal costs according to historical experience. If the obligation is highly likely to occur and the amount can be reasonably estimated, the Company recognizes related provisions for the legal. Please refer to Note 6 for more details.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details on unrecognized deferred tax assets as of December 31, 2020.

(f) Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.



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(g) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(h) Fair value of investment properties

Fair value of investment properties is decided by valuation models such as comparative method, cost method, land development analysis approach, and direct capitalization method of income approach. The fair value of investment properties may be affected when assumptions and judgements used in the valuation models were changed. Please refer to Note 6.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2020	2019
Cash on hand & petty cash	\$28,491	\$75,645
Cash in banks	2,680,833	2,993,936
Time deposits	-	5,261
Cash in transit	16,703	1,329
Total	<u>\$2,726,027</u>	<u>\$3,076,171</u>

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

	As of December 31,	
	2020	2019
Mandatorily measured at fair value through profit or loss:		
Open ended funds	\$-	\$15,004
Total	<u>\$-</u>	<u>\$15,004</u>
Current	<u>\$-</u>	<u>\$15,004</u>

Financial assets at fair value through profit or loss were not pledged.

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

	As of December 31,	
	2020	2019
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies' stocks	\$155,652	\$156,966
Unlisted companies' stocks	391,252	338,745
Total	<u>\$546,904</u>	<u>\$495,711</u>
Current	\$339,574	\$343,563
Non-current	<u>207,330</u>	<u>152,148</u>
Total	<u>\$546,904</u>	<u>\$495,711</u>

Financial assets at fair value through other comprehensive income were not pledged.

For equity instrument investments measured at fair value through other comprehensive income, the Company recognized dividends income in the amount of NTD23,087 thousand and NTD31,046 as of December 31, 2020 and 2019.

In consideration of the Company's investment strategy, the Company disposed the listed stock which were reported under equity instrument investments measured at fair value through other comprehensive income during the years. Upon derecognition, the fair value of the investments was NTD39,376 thousand and NTD95,548 thousand as of December 31, 2020 and 2019, respectively, and the related cumulative unrealized evaluation gain were NTD33,052 thousand and NTD76,584 thousand, respectively, which were transferred from other components of equity to retained earnings.

(4) Financial assets measured at amortized cost

	As of December 31,	
	2020	2019
Cash in banks – reserve account	\$584,423	\$401,391
Pledged time deposit	1,789,598	1,669,564
Time deposit	4,564	16,539
Total	<u>\$2,378,585</u>	<u>\$2,087,494</u>
Current	\$1,436,035	\$1,741,451
Non-current	<u>942,550</u>	<u>346,043</u>
Total	<u>\$2,378,585</u>	<u>\$2,087,494</u>

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The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and refer to Note 12 for more details on credit risk.

(5) Notes receivable

	As of December 31,	
	2020	2019
Notes receivables arising from operating activities	\$149,563	\$126,322
Less: loss allowance	-	-
Total	\$149,563	\$126,322

Notes receivables were not pledged.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6(24) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

(6) Accounts receivable and accounts receivable-related parties

	As of December 31,	
	2020	2019
Accounts receivable	\$1,747,440	\$2,075,847
Less: loss allowance	(222,645)	(48,200)
Subtotal	1,524,795	2,027,647
Accounts receivable-related parties	1,622,552	1,695,431
Less: Allowance for Sales Returns and Discounts – related parties	-	-
Subtotal	1,622,552	1,695,431
Less: loss allowance	-	(1,023)
Subtotal	1,622,552	1,694,408
Total	\$3,147,347	\$3,722,055

Accounts receivables were not pledged.

The Company's credit terms are generally 30-180 day. The carrying amount are NTD3,369,992 thousand and NTD3,771,278 thousand as of December 31, 2020 and 2019, respectively, please refer to Note 6(24) for more details on impairment of accounts receivables for 2020 and 2019, please refer to Note 12 for more details on credit risk.

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(7) Inventory

A. The details of inventories are as follows:

	As of December 31,	
	2020	2019
Raw materials	\$604,291	\$656,755
Work in progress	1,460,633	1,792,360
Finished good	1,337,157	1,406,364
Inventories in transit	126,788	45,936
Property under construction	823	150,414
Total	<u>\$3,529,692</u>	<u>\$4,051,829</u>

B. The cost of inventories recognized in expenses are as follows:

	For the years ended December 31,	
	2020	2019
Cost of inventories recognized in expenses (including gain and loss from inventory valuation)	\$13,051,398	\$15,110,031
Loss on allowance for inventory valuation (gain from price recovery of inventory)	729,581	11,945
Total	<u>\$13,780,979</u>	<u>\$15,121,976</u>

C. Inventories were not pledged.

(8) Non-current assets held for sale or Disposal groups held for sale, net

	As of December 31,	
	2020	2019
Investments accounted for using Equity method	\$-	\$287,750

In the fourth quarter of 2018, the board of directors of the Company resolved to sell all of its shares of Tatung Electric Technology Co., Ltd. ( now renamed KINGDOM FLOW CONTROL CO., LTD) and Tatung Vietnam Co., Ltd. (now renamed VIETNAM HANG LAM FURNITURE CO., LTD). According to IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations, the Company recognized assets and liabilities of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. as non-current assets and liabilities held for sale as at December 31, 2018. Subsequently, the share transfer procedure was completed in the third quarter of 2020 and the gains on disposal amounted to NTD514,222 thousand. As of December 31, 2020 a final payment of US\$7,890 thousand was yet to be paid. As some local administrative procedures were still going on, the final payment would not be recovered until the procedures are completed. Therefore, it was recognized as accounts receivables and other receivables.

Non-current assets held for sale were not pledged.

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(9) Investments accounted for using the equity method

A. The following table lists the investments accounted for using the equity method of the Company:

Name of investee company	As of December 31,			
	2020		2019	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
<u>Investment in subsidiaries:</u>				
<u>Public entities</u>				
Tatung System Technologies Inc.	\$564,290	42.70	\$546,978	42.70
Forward Electronics Co., Ltd.	176,855	12.05	215,737	12.05
San Chi Semiconductor Co., Ltd. (Note 1)	-	-	54,501	43.18
Tatung Fine Chemicals Co.	45,736	48.27	53,060	48.27
Subtotal	786,881		870,276	
<u>Non-public entities</u>				
Chunghwa picture tubes, Ltd.	\$(7,645,543)	28.56	\$(6,421,754)	28.56
San Chih Semiconductor Co., Ltd. (Note 1)	70,900	61.75	-	-
Taiwan Telecommunication Industry Co., Ltd.	(854,961)	100.00	(854,584)	100.00
Central Research Technology Co.	32,826	100.00	40,089	100.00
Tatung Consumer Products (Taiwan) Co., Ltd.	(1,230,117)	99.10	(1,267,254)	99.10
Shang-Chih Asset Development Co.	46,274,788	100.00	46,394,470	100.00
Chunghwa Electronic Investment Co., Ltd.	(1,865,682)	94.01	(1,095,307)	94.01
Tatung Die Casting Co.	69,500	51.00	60,316	51.00
Tatung (Thailand) Co., Ltd. (Note 2)	580,978	99.99	531,398	99.99
Tatung Company of Japan, Inc. (Note 3)	2,015,605	100.00	1,325,962	100.00
Tatung Electronics(s) Pte. Ltd.	81,336	90.00	80,596	90.00
Tatung Singapore Information Co., Ltd.	46,554	100.00	(56,288)	100.00
Tatung Electric (Singapore) Pte. Ltd.	587,141	100.00	736,952	100.00
Tatung Co. of America Inc. (Note 4)	-	-	(524,966)	50.00
Tatung Mexico S.A de C.V. (Note 5)	-	-	125,033	99.99
Tatung Science and Technology Inc. (Note 6)	-	-	7,877	100.00
Tatung Electric Company of America, Inc.	145,181	100.00	153,009	100.00
Tatung Netherlands B.V.	(145,958)	100.00	(145,958)	100.00
TATUNG CZECH s.r.o	4,344	100.00	7,066	100.00
Tatung Medical & Healthcare Technologies Co., Ltd.	212,917	95.85	205,107	95.85

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Name of investee company	As of December 31,			
	2020		2019	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
TOES Opto-Mechatronics Co., Ltd. (Note 7)	\$5,585	86.05	\$24,746	85.00
Shang Chih Investment Co., Ltd.	394,355	95.83	524,156	95.83
Chih Sheng Investment Co., Ltd.	21,884	100.00	206,235	100.00
Taipei Industry Corporation	74	0.00	74	0.00
Tatung Forever Energy Co., Ltd. (Note 8)	1,524,215	100.00	1,508,602	99.10
Absolute Alpha Limited	20,450	100.00	20,525	100.00
Leap High Limited (Note 9)	-	-	1,080	65.00
Tung Yang Energy Co., Ltd. (Note 10)	447,846	100.00	400,205	100.00
Hsieh Chih Industrial Library Publishing Co.	974	6.91	981	6.91
Lansong International Co., Ltd.	-	98.33	-	98.33
Shang Shin Energy Co., Ltd.	190,719	100.00	89,715	100.00
Chih Kuang Energy Co., Ltd.	645,505	100.00	398,174	100.00
Yau Yang Energy Co., Ltd.	4,064	100.00	4,937	100.00
Ting Shin Energy Co., Ltd.	28,838	100.00	30,058	100.00
Zhi Shin Energy Co., Ltd.	38,829	100.00	39,875	100.00
Tung Shin Energy Co., Ltd (Note 11)	972	100.00	-	-
Tung Kuang Energy Co., Ltd. (Note 11)	72	100.00	-	-
Chuang Shih Neng Co., Ltd. (Note 11)	972	100.00	-	-
Subtotal	<u>41,705,163</u>		<u>42,551,127</u>	
Investment in associates:				
<u>Listed companies</u>				
Elitegroup Computer System Co., Ltd.	\$3,602,542	27.35	\$3,585,213	27.35
<u>Non-listed companies</u>				
Tatung-Okuma Co., Ltd.	1,404,817	49.00	1,394,385	49.00
Kuender & Co., Ltd.	64,455	50.00	62,192	50.00
Chung-Tai Technology Development Engineering Co.	11,112	22.00	12,125	22.00
Tatung SM-Cyclo Co., Ltd.	<u>245,782</u>	49.00	<u>248,838</u>	49.00
Subtotal	<u>5,328,708</u>		<u>5,302,753</u>	
The balance of the investment accounted for using equity method	47,820,752		48,724,156	
Add: the credit balance of the investment accounted for using equity method	11,742,261		10,366,111	
Total	<u>\$59,563,013</u>		<u>\$59,090,267</u>	

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B. Investments in subsidiaries:

Investments in subsidiaries were presented as investments accounted for using the equity method and adjusted by necessary measurements.

Note 1: San Chih Semiconductor Co., Ltd. resolved at its board meeting on January 8, 2020 and at the provisional shareholders' meeting on March 3, 2020 to apply to the Financial Supervisory Commission to withdraw its public issuance. The Financial Supervisory Commission issued letter No. Jin-Guan-Cheng-Fa-Zi - 1090333783 on March 17, 2020 to approve the company's application to cease its status as a public company.

Note 2: Tatung (Thailand) Co., Ltd. issued 5,400,000 common shares for cash in February 2020 and thus the Company's holding percentage maintained at 99.99%

Note 3: Tatung Co. of Japan, Inc. issued 1,800,000 common shares for cash in June and August 2019 and proceeded with capital reduction of 1,800,000 common shares to facilitate operation. After capital deduction, the outstanding shares was 15,000 shares. Tatung Co. of Japan, Inc. issued 2,000,000 common shares for cash in February and June 2020 and held capital reductions to merge 65 shares into 1 share in November 2020 to make up for losses. After capital deduction, the outstanding shares was 31,000 shares. The Company held 100% of Tatung Co. of Japan, Inc. shares as of December 31, 2020.

Note 4: TUS filed an application for bankruptcy reorganization with the bankruptcy court on September 30, 2019 (Chapter 11) this is because GET and TUS jointly entered into a long-term purchase contract for materials with supplier Hemlock. Afterwards, the price of the raw material collapsed rapidly, which led to the dissolution and liquidation process of GET. GET was declared bankrupt by the Taipei District Court of Taiwan on February 21, 2020 (108 Po-Zi No. 35). In the subsequent reorganization process of TUS, Hemlock sold its claims of TUS to a third party. This third party became the largest creditor of TUS after assuming Hemlock's claims, and became the sole shareholder of TUS with debt as equity investment in TUS, as a sole owner of TUS equity. Accordingly TUS reported to the bankruptcy court a company reorganization plan. The bankruptcy court approved TUS's reorganization plan on December 9, 2020. All of the Company's equity in TUS has been extinguished on December 15, 2020. Therefore, the Company derecognized TUS as a subsidiary. The Deferred credit for investments accounted for under the equity method and other equities related to TUS were reversed accordingly, and the related gain on disposal amounted to NTD564,489 thousand was recongized.

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- Note 5: In the first quarter of 2020, the Company signed an agreement to sell all of its shares of Tatung Mexico S.A de C.V. (including the shares of the subsidiaries: TMX Logistics, Inc. and TMX Technologies Inc.). According to IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations, the Company recognized assets and liabilities of Tatung Mexico S.A de C.V. as non-current assets and liabilities held for sale as in the first quarter of 2020. Subsequently, the share transfer procedure was completed in the third quarter of 2020 and the gains on disposal amounted to NTD1,226 thousand. As of December 31, 2020, a final payment of US\$600 thousand was yet to be paid. As some local administrative procedures were still going on, the final payment would not be recovered until the procedures are completed. Therefore, it was recognized as other receivables.
- Note 6: Tatung Science and Technology, Inc. completed liquidation procedures in November 2020.
- Note 7: TOES Opto-Mechatronics Co. held capital injections in January 2020. The Company subscribed to the shares proportionately and thus the Company's holding percentage increased to 86.05%.
- Note 8: Tatung Forever Energy Co., Ltd. held capital injections in March, June, July, September, October and November 2019. The Company subscribed to the shares proportionately and thus the Company's holding percentage increased to 99.10%. In addition, the Company purchased shares of Tatung Forever Energy Co., Ltd. for a total of 1,441,692 shares in August 2020 and thus the Company's holding percentage increased to 100.00%.
- Note 9: Leap High Limited has completed the cancellation procedure on September 17, 2020 and thus the Company's holding percentage decreased from 65% to 0%.
- Note 10: Tung Yang Energy Co., Ltd. held a capital injection in April 2019 and April 2020 with NTD400,000 thousand and NTD50,000 thousand respectively. Tungyang Energy Co., Ltd. held a capital reduction in September 2019, with NTD150,000 thousand. The Company's holding percentage maintained at 100%.
- Note 11: To expand the solar energy business, in October 2020, the Company established Tung Kuang Energy Co., Ltd., Tung Shin Energy Co., Ltd. and Chuang Shih Neng Co., Ltd. with NTD100 thousand, NTD1,000 thousand and NTD1,000 thousand, respectively. The holding shares percentages were all at 100%.



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For the years ended December 31, 2020 and 2019, the Company received dividends from investing in subsidiaries and associates using the equity method amounting to NTD2,226,691 thousand and NTD8,220,122 thousand, respectively.

Please refer to Note 8 for investment in subsidiaries that were pledged as collateral.

C. Investments in associates:

(a) Information on the material associate of the Company:

Company name: Elitegroup Computer Systems Co., Ltd.

Nature of the relationship with the associate: Elitegroup Computer Systems Co., Ltd. is engaged in manufacturing and selling related products in the Company's industry chain. The Company invested in Elitegroup Computer Systems Co., Ltd. for the purpose of upstream/downstream integration.

Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: Elitegroup Computer Systems Co., Ltd. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Elitegroup Computer Systems Co., Ltd. was NTD3,956,737 thousand and NTD2,088,913 thousand, as of December 31, 2020 and 2019, respectively.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Company's interest in the associate:

The summarized financial information of the associate is as follows:

	As of December 31,	
	2020	2019
Current assets	\$17,640,877	\$16,236,514
Non-current assets	6,109,033	7,116,714
Current liabilities	(11,897,142)	(11,572,898)
Non-current liabilities	(766,084)	(761,566)
Equity	11,086,684	11,018,764
Proportion of the Company's ownership	27.35%	27.35%
Subtotal	3,032,208	3,013,632
Goodwill	614,638	614,638
Other adjustments	(44,304)	(43,057)
Carrying amount of the investment	<u>\$3,602,542</u>	<u>\$3,585,213</u>

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	For the years ended	
	December 31,	
	2020	2019
Operating revenue	\$25,995,735	\$28,291,303
Profit from continuing operations	65,950	53,061
Other comprehensive income(loss), net of income tax	270	(142,324)
Total comprehensive income (loss)	66,220	(89,263)

Please refer to Note 8 for more details on investments in associates under pledged.

- (b) Except the associate mentioned above, other associates were not individually material. The aggregate financial information based on Company's share of other associates was as follows:

	For the years ended	
	December 31,	
	2020	2019
Profit from continuing operations	\$30,588	\$150,341
Other comprehensive income, net of income tax	(1,721)	921
Total comprehensive income	28,867	151,262

- (c) The associates had no contingent liabilities or capital commitments as of December 31, 2020 and 2019. Investments in associates in (b) were not pledged.

D. The balances of certain investments accounted for under the equity method that were audited by other auditors were NTD6,344,308 thousand and NTD5,220,316 thousand as of December 31, 2020 and 2019, respectively. The shares of profit (loss) of associates accounted for using equity method and joint ventures that were audited by other auditors were NTD178,721 thousand and NTD107,773 thousand for the years ended December 31, 2020 and 2019, respectively. The shares of other comprehensive income (loss) of associates accounted for using equity method and joint ventures that were audited by other auditors were NTD(42,065) thousand and NTD48,004 thousand as of December 31, 2020 and 2019, respectively.

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(10) Property, plant and equipment

A. The details of property, plant and equipment are as follows:

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2020	\$31,457	\$8,934,430	\$403,854	\$49,024	\$542,291	\$1,411,166	\$169,909	\$11,542,131
Additions	-	82,383	11,634	1,836	13,151	34,361	607,188	750,553
Disposals	-	(1,476,368)	(44,625)	(5,094)	(135,511)	(79,551)	-	(1,741,149)
Other changes (Note)	-	564,616	3,854	-	19,033	6,569	(518,340)	75,732
As of December 31, 2020	<u>\$31,457</u>	<u>\$8,105,061</u>	<u>\$374,717</u>	<u>\$45,766</u>	<u>\$438,964</u>	<u>\$1,372,545</u>	<u>\$258,757</u>	<u>\$10,627,267</u>
Depreciation and impairment:								
As of January 1, 2020	\$(15,385)	\$(5,545,525)	\$(371,380)	\$(44,899)	\$(465,129)	\$(1,283,402)	\$-	\$(7,725,720)
Depreciation	(1,049)	(325,060)	(16,779)	(2,228)	(43,178)	(53,458)	-	(441,752)
Impairment	-	(43,494)	-	-	(905)	(1,804)	-	(46,203)
Disposals	-	1,463,257	44,625	5,094	135,167	79,357	-	1,727,500
Other changes (Note)	-	-	180	-	-	-	-	180
As of December 31, 2020	<u>\$(16,434)</u>	<u>\$(4,450,822)</u>	<u>\$(343,354)</u>	<u>\$(42,033)</u>	<u>\$(374,045)</u>	<u>\$(1,259,307)</u>	<u>\$-</u>	<u>\$(6,485,995)</u>
Net carrying amount as of:								
December 31, 2020	<u>\$15,023</u>	<u>\$3,654,239</u>	<u>\$31,363</u>	<u>\$3,733</u>	<u>\$64,919</u>	<u>\$113,238</u>	<u>\$258,757</u>	<u>\$4,141,272</u>

(Note : Including transfer from advance payments of equipment and reclassification.)

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2019	\$550,148	\$8,855,249	\$395,221	\$54,414	\$513,436	\$1,408,798	\$51,383	\$11,828,649
Additions	-	6,165	16,592	759	28,895	39,428	218,046	309,885
Disposals	-	(53,106)	(8,848)	(6,149)	(2,277)	(46,079)	-	(116,459)
Other changes (Note)	(518,691)	126,122	889	-	2,237	9,019	(99,520)	(479,944)
As of December 31, 2019	<u>\$31,457</u>	<u>\$8,934,430</u>	<u>\$403,854</u>	<u>\$49,024</u>	<u>\$542,291</u>	<u>\$1,411,166</u>	<u>\$169,909</u>	<u>\$11,542,131</u>
Depreciation and impairment:								
As of January 1, 2019	\$(420,571)	\$(5,037,479)	\$(361,866)	\$(49,141)	\$(390,674)	\$(1,261,396)	\$-	\$(7,521,127)
Depreciation	(7,217)	(355,626)	(18,271)	(1,907)	(52,551)	(64,535)	-	(500,107)
Impairment	-	(202,466)	-	-	(24,181)	(3,550)	-	(230,197)
Disposals	-	50,046	8,634	6,149	2,277	46,079	-	113,185
Other changes (Note)	412,403	-	123	-	-	-	-	412,526
As of December 31, 2019	<u>\$(15,385)</u>	<u>\$(5,545,525)</u>	<u>\$(371,380)</u>	<u>\$(44,899)</u>	<u>\$(465,129)</u>	<u>\$(1,283,402)</u>	<u>\$-</u>	<u>\$(7,725,720)</u>
Net carrying amount as of:								
December 31, 2019	<u>\$16,072</u>	<u>\$3,388,905</u>	<u>\$32,474</u>	<u>\$4,125</u>	<u>\$77,162</u>	<u>\$127,764</u>	<u>\$169,909</u>	<u>\$3,816,411</u>

(Note: Including transfer from advance payments of equipment and reclassification.)

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A. Components of buildings, including main building structure, electronic engineering, electrical engineering, fire engineering, air conditioning units and elevators, are depreciated by their useful lives 3~50 year.

B. Please refer to Note 8 for more details on property, plant and equipment that were pledged as collateral.

C. Assets related to Tatung University are described as follows:

The carrying amount of Hsin-She-Gong Building (“the Building”) was NTD106,288 thousand. The Company provided the fund fully for the building. The ownership registration was completed, and the Company has acquired building use permit and related licenses. As the state of construction and use of Hsin-She-Gong Building on June 30, 2019 has met the definition of investment property the Company reclassified it to the investment property from property, plant and equipment. Please refer to Note 6(11).

On May 6, 2016, Shan-Chih Asset Development purchased the land of Hsin-She-Gong Building and completed the transfer of title. The development plans of this building will go with the overall plans of the whole factory area of the Company in the future. And the related issues, such as change of purpose of utilizing the land, urban planning and long term plans are still in the communication process between Tatung University and the Education ministry authority.

D. Part of the lands and land prepayments were held temporarily under third parties’ names because of other reasons. The preservation measures have been taken to protect the assets.

E. The Company has reduced the balance of its property, plant and equipment to recoverable amount, which resulted in impairment loss in the amount of NTD46,203 thousand and NTD230,197 thousand as of December 2020 and 2019, respectively, recognized in the parent company only statements of comprehensive income.

F. The Company's Crystal growth furnace Center, Wire Center and other departments have been downsizing. The related equipment has been fully depreciated and impaired. The equipment was sold or scrapped in 2020.

G. There was no borrowing cost capitalized for property, plant and equipment in 2020 and 2019.

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(11) Investment property

	For the year ended December 31,	
	2020	2019
	Buildings	Buildings
Cost:		
As of January 1	\$163,230	\$-
Transfer from property, plant and equipment	-	106,288
Gain on fair value adjustment	3,320	56,942
As of December 31	\$166,550	\$163,230

As the owner-occupancy rate of Hsin-She-Gong Building was reduced, the building was reclassified from property plant and equipment to investment property according to IAS 40 “Investment property”. Upon reclassification, the Company remeasured the building by using fair value model and recognized an amount of NTD56,942 thousand as gain on revaluation, net of tax, under other comprehensive income.

The Company entered into commercial property lease with respect to its investment property with terms between two to ten years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The Company recognized its investment property in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. As of December 31, 2020 and 2019, the fair value of the investment property is as below:

	As of December 31,	
	2020	2019
External appraisal	\$166,550	\$163,230

The fair value of the above investment property is estimated by external real estate appraiser. The date of the appraise is on December 31, 2020 and 2019, and appraise by Chonglian External real estate appraiser.

The fair value of the investment property was assessed by the abovementioned external real estate appraiser firm based on current status and market evidence. The assessment methodologies included discounted cash flow analysis method of income approach.

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(1) Chonglian External real estate appraiser firm: Mr. Liao.

If the assets are held mainly for rental income, the assessment should take into consideration the contract signed and other comparable property in the neighboring region. In addition to income approach, the assessment should also be made with direct capitalization method or discounted cash flow analysis method.

Also, real estate appraiser firm examined comparable of our subject and took into consideration the development schedule, liquidity, risk premium of disposal in the future to decide income capitalization rate and discount rate. The significant parameters involved in the assessment are as follows:

Contract rental fee and rental price on market:

	As of December 31,	
	2020	2019
Contract rental fee (3.3 square meter/month/NTD)	\$1,230	\$1,200
Market comparable (3.3 square meter/month/NTD)	1,240	1,196

Main parameters:

	As of December 31,	
	2020	2019
Discount rate of disposal at year-end	2.5048%	2.5048%
Discount rate during analysis period	2.2996%	2.2996%

	For the years ended December 31,	
	2020	2019
Rental income from investment property	\$13,459	\$5,555
Less: Direct operating expenses from investment property generating rental income (not including depreciation)	(7,311)	(3,271)
Total	<u>\$6,148</u>	<u>\$2,284</u>

Note: Rental fee considered the lease term and market conditions.

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(12) Intangible assets

Computer software cost

	Computer software
Cost:	
As of January 1, 2020	\$212,514
Addition	2,750
Derecognition	-
As of December 31, 2020	\$215,264
As of January 1, 2019	\$212,273
Addition	241
Derecognition	-
As of December 31, 2019	\$212,514
Amortization and impairment:	
As of January 1, 2020	\$(209,101)
Amortization	(3,121)
Derecognition	-
As of December 31, 2020	\$ (212,222)
As of January 1, 2019	\$(199,990)
Amortization	(9,111)
Derecognition	-
As of December 31, 2019	\$(209,101)
Net book value:	
As December 31, 2020	\$3,042
As December 31, 2019	\$3,413

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended December 31,	
	2020	2019
Operating costs	\$691	\$2,149
Operating expense	\$2,430	\$6,962

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(13) Other non-current assets

	As of December 31,	
	2020	2019
Advance payments in equipment	\$35,044	\$158,859
Other non-current assets - other	317,818	140,401
Total	<u>\$352,862</u>	<u>\$299,260</u>

With respect to the other non-current assets – other, part of the lands and land prepayments were held temporarily under third parties’ names because of regulatory requirements or other reasons. As of December 31, 2019, lands under third parties that had pledged to the Company were NTD66,367 thousand and lands unsecured were NTD3,478 thousand. In 2020, the possibility of recovering some of the aforementioned lands and prepaid land funds was uncertain, therefore the impairment loss of NTD20,179 thousand and other losses of NTD2,840 thousand were recognized, respectively. As of December 31, 2020, lands under third parties that had pledged to the Company were NTD46,188 thousand and lands unsecured were NTD638 thousand. For those lands over which the Company has not secured its right, the Company continues to resolve the issue proactively.

Other non-current assets were not pledged.

(14) Long-term receivables-net

	As of December 31,	
	2020	2019
Long-term receivables	\$3,144	\$1,354,450
Less: loss allowance	(3,144)	(1,352,858)
Net	<u>\$-</u>	<u>\$1,592</u>

(15) Short-term loans

	Interest Rates	As of December 31,	
		2020	2019
Unsecured bank loans	1.77%	\$-	\$100,000
Secured bank loans	1.66%~2.02%	100,000	800,000
L/C loans	1.06%~3.90%	584,457	613,918
Subtotal		684,457	1,513,918
Due to employees	0.12%~0.17%	14,753	14,773
Total		<u>\$699,210</u>	<u>\$1,528,691</u>



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The Company's unused short-term lines of credits amounted to NTD1,176,437 thousand and NTD427,969 thousand as of December 31, 2020 and 2019, respectively.

Certain investments accounted for using the equity method and certain property, plant and equipment were pledged as collaterals for secured bank loans. Please refer to Note 8 for more details.

(16) Short-term notes and bills payable

	Guarantors	Interest Rates	As of December 31,	
			2020	2019
Unsecured domestic bills payable		0.65%	\$-	\$152,000
Less: Unamortized discount			-	(206)
Net			\$-	\$151,794

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

	As of December 31,	
	2020	2019
Held for trading:		
Derivatives not designated as hedging Instruments		
Forward foreign exchange contracts	\$5,364	\$2,808
Foreign exchange options	3	-
Current	\$5,367	\$2,808

(18) Deferred revenue

Government grants

	As of December 31,	
	2020	2019
Beginning balance	\$18,804	\$49,794
Received during the period	21,452	2,558
Released to the statement of comprehensive income	(40,256)	(33,548)
Ending Balance	\$-	\$18,804

The government grants related to income are recognized according to the period that the related cost was recognized as expenses in a systematic manner.

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(19) Long-term loans

Details of long-term loans as of December 31, 2020 and 2019 are as follows:

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2020	2019		
Secured Long-term loans from Bank SinoPac	\$21,389	\$29,167	2.26~2.51	Effective July 9, 2014 to April 27, 2023. Since the first use date, principal is repaid in 36 quarterly payments.
Secured Long-term loans from Bank SinoPac	12,941	17,647	2.26~2.51	Effective February 26, 2015 to April 27, 2023. Since the first use date, principal is repaid in 36 quarterly payments.
Secured Long-term loans from Bank SinoPac	179,292	206,875	2.26~2.51	Effective April 27, 2015 to April 27, 2021. Since the first use date, principal is repaid in 48 quarterly payments.
Secured Long-term loans from Bank SinoPac	38,958	43,542	2.31~2.56	Effective June 27, 2017 to June 27, 2022. Since the first use date, principal is repaid in 48 quarterly payments.
Secured Long-term loans from Bank SinoPac	74,375	83,125	2.31~2.56	Effective June 27, 2017 to July 23, 2024. Since the first use date. Principal is repaid in 48 quarterly payments.
Unsecured long-term loans from Taiwan Cooperative Bank	1,100,000	1,100,000	2.00~2.25	Effective March 29, 2019 to March 29, 2023. Interest payments due monthly and principal is repaid form the third year in 8 equal installments per quarter.
Unsecured long-term loans from Far Eastern International Bank	-	600,449	2.02	Effective December 12, 2018 to December 5, 2020. Revolving use. Whenever individual project bills and receives payment in the compensation account, 77% of such deposit will be used to repay the principal.
Secured Long-term loans from O-Bank	-	20,997	2.55	Effective December 29, 2017 to December 29, 2020. The principal will be repaid in 24 monthly payments at the end of each month starting January 31, 2019. The 1 <sup>st</sup> payment will be NTD750 thousand and the 2 <sup>nd</sup> to 23 <sup>rd</sup> payments will be NTD1,032 thousand and the remaining will be repaid on December 29, 2020.
Secured Long-term loans from O-Bank	-	10,043	2.55	Effective September 26, 2018 to December 29, 2020. The principal will be repaid in 24 monthly payments at the end of each month starting January 31, 2019. The 1 <sup>st</sup> payment will be NTD369 thousand and the 2 <sup>nd</sup> to 23 <sup>rd</sup> payments will be NTD508 thousand and the remaining will be repaid on December 29, 2020.
Mega Bills Finance Co., Ltd.	3,000,000	-	1.70	The appointment letter of agreement to guarantee the issuance of commercial promissory notes is from December 30, 2020 to December 29, 2021. During the period, the Company can revolve to guarantee the issuance of commercial promissory notes. If all the agreed matters are fulfilled in accordance with the agreement and no default incurs, the Company may apply to Mega Bills Finance Co., Ltd. to renew the contract for one year, from December 2021 to December 2022, in compliance with the legal requirements.
Secured Syndicated loans from Bank of Taiwan	13,770,000	15,390,000	1.93~2.06	Effective December 23, 2016 to December 23, 2021. The 1st repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1st to 4th payments will be 5% and the remaining 80% will be repaid in the 5th repayment.
Secured Syndicated loans from Bank of Taiwan	7,530,000	8,340,000	1.93~2.06	Effective December 23, 2016 to December 23, 2021. The 1st repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1st to 4th repayments will decrease the credit limit by 5% each, and the remaining 80% will be repaid in the 5th repayment.
Two-year loans due to stockholders and employees	14,946	14,946		
Subtotal	25,741,901	25,856,791		
Less: unamortized issuing cost	(74,613)	(80,052)		
	25,667,288	25,776,739		
Less: current portion	(6,504,289)	(2,250,488)		
Total	\$19,162,999	\$23,526,251		

(Note: Interest rates are rounded off to the second decimal place.)

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Shan-Chih Asset Development Co. guaranteed the Company's long-term loans. As of December 31, 2020, and 2019, the balance of guarantees was NTD26,890,059 thousand and NTD27,960,000 thousand, respectively; the Company's honorary Chairman guaranteed part of the Company's bank loans. In the future, the honorary Chairman's joint guarantee for the bank loans of the Company will be successively lifted.

For the secured syndicated loans from Bank of Taiwan, the Company breached the Syndicated loans Contract of liability to equity ratio as of June 30, 2019 because the Company recognized the investment loss of CPT and GET, which caused the significant increase in the credit balance of the investment accounted for using equity method (liability account). The Company has obtained a waiver from the syndicated loan consortium on October 18, 2019, therefore there was no immediate repayment of the loans triggered by breach of covenants on December 31, 2019. As the originally maturity date was in 2021, the Company extended the maturity date to 2023 and changed the terms of repayment and applied for a waiver for the debt covenant on December 31, 2020. The Company has obtained the waiver therefore there was no immediate repayment of the loans triggered by breach of covenants on December 31, 2020. In addition, some banks agreed to extend the maturity date to 2023 and changed the terms of repayment while other banks did not agree with the extension. With respect to the banks that did not agree with the extension, the Company recognized current portion of long-term loans in accordance with the originally maturity date.

Part of the property, plant and equipment, financial assets measured at amortized cost, and investments accounted for using the equity method were pledged as collateral for secured loans. Please refer to Note 8 for more details.

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(20) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 were NTD71,869 thousand and NTD68,473 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15<sup>th</sup> year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 4% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandates, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NTD62,400 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

As of December 31, 2020, and 2019, the durations of the defined benefits plan are 2029.

Pension costs recognized in profit or loss for the years ended December 31, 2020 and 2019:

	For the years ended December 31,	
	2020	2019
Current period service costs	\$13,779	\$16,349
Past service costs	2,462	45
Interest income or expense	13,264	18,937
Expected return on plan assets	(10,528)	(13,118)
Total	<u>\$18,977</u>	<u>\$22,213</u>

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Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

	As of		
	2020.12.31	2019.12.31	2019.01.01
Present value of the defined benefit obligation	\$1,895,806	\$1,922,952	\$2,014,580
Plan assets at fair value	(1,571,657)	(1,379,720)	(1,363,053)
Subtotal	324,149	543,232	651,527
Other	2,622	2,622	2,622
Other non-current liabilities - net defined benefit liabilities(assets)	\$326,771	\$545,854	\$654,149

Reconciliation of net defined benefit liability (asset) is as follows:

	Present value of Defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2019	\$2,014,580	\$(1,363,053)	\$651,527
Current period service costs	16,349	-	16,349
Past service costs	45	-	45
Net interest expense (income)	18,937	(13,118)	5,819
Subtotal	2,049,911	(1,376,171)	673,740
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	47,085	-	47,085
Experience adjustments	13,014	-	13,014
Return on plan assets	-	(44,400)	(44,400)
Subtotal	60,099	(44,400)	15,699
Payments from the plan	(144,651)	144,651	-
Benefits paid	(42,407)	-	(42,407)
Contributions by employer	-	(103,800)	(103,800)
As of December 31, 2019	1,922,952	(1,379,720)	543,232
Current period service costs	13,779	-	13,779
Past service cost	2,462	-	2,462
Net interest expense (income)	13,264	(10,528)	2,736
Subtotal	1,952,457	(1,390,248)	562,209
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	66,951	-	66,951
Experience adjustments	66,552	-	66,552
Return on plan assets	-	(45,897)	(45,897)
Subtotal	133,503	(45,897)	87,606
Payments from the plan	(160,538)	160,538	-
Benefits paid	(29,616)	-	(29,616)
Contributions by employer	-	(296,050)	(296,050)
As of December 31, 2020	\$1,895,806	\$(1,571,657)	\$324,149

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The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2019</u>
Discount rate	0.320%	0.690%
Expected rate of salary increases	2.250%	2.250%

A sensitivity analysis for significant assumption as at December 31, 2020 and 2019 is, as shown below:

	<u>Effect on the defined benefit obligation</u>			
	<u>2020</u>		<u>2019</u>	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$45,640	\$-	\$47,085
Discount rate decrease by 0.25%	47,387	-	48,917	-

The sensitivity analyses above are based on a change in the actuarial assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(21) Provisions, current

	<u>Reserve for lawsuit</u>	<u>Maintenance warranties</u>	<u>Total</u>
As of January 1, 2020	\$71,999	\$109,226	\$181,225
Arising during the period	-	22,510	22,510
Utilized	(64,600)	(6,781)	(71,381)
Reverse during the period	(7,399)	(8,580)	(15,979)
As of December 31, 2020	<u>\$-</u>	<u>\$116,375</u>	<u>\$116,375</u>
As of December 31, 2019	<u>\$71,999</u>	<u>\$109,226</u>	<u>\$181,225</u>

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Maintenance warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

Provisions for legal matters

Provisions have been recognized for estimated legal obligations and relevant cost based on past experience. If the existing obligation is mostly likely to incur and the amount may be reasonably estimated, the provisions for legal matters is to be recognized.

(23) Equities

A. Common stock

As of December 31, 2020, and 2019, the Company's authorized capital and issued capital were NTD100,000,000 thousand and NTD23,395,367 thousand, with a par value of NTD10 dollar, totaling 10,000,000 thousand shares and 2,339,537 thousand shares, respectively. Each share is entitled to one voting right and the right to receive dividends.

As of December 31, 2020, and 2019, 1,000,000 thousand shares of the Company were issued as 50,000 thousand units of global depositary receipts ("GDR"), each GDR equaling to 20 shares. The GDR were listed on Luxembourg Stock Exchange.

B. Capital reserve

	As of December 31,	
	2020	2019
Subsidiaries disposed shares of Parent Company deemed as treasury stock transaction	\$115,169	\$115,169
Share of changes in net assets of subsidiaries, associates and joint ventures accounted for using the equity method	3,084,871	3,142,781
Other	105,135	105,135
Total	<u>\$3,305,175</u>	<u>\$3,363,085</u>

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According to the Company Act, the capital reserve shall not be used except for offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

As of December 31, 2020 and 2019, the Company's subsidiaries, Chunghwa Electronics Investment Co., held 0.5 thousand shares of the Company's stock. The stocks mentioned above were held for financing purposes before the amendments of the Company Act on November 12, 2001. As of December 31, 2020, and 2019, the Company's subsidiaries, Forward Electronics Co., Ltd. ("FD"), held 4,475 thousand shares of the Company's stock.

As of December 31, 2020 and 2019, the Company's treasury shares were NTD30,854 thousand, which Chunghwa Electronics Investment Co., held NTD10 thousand and FD held NTD30,844 thousand.

D. Retained earnings and dividend policies:

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues
- (b) Offset prior years' operation losses
- (c) Appropriate 10% of the remaining amount after deducting items (a) and (b) as a legal reserve
- (d) Appropriate or reverse special reserve in accordance with relevant laws or regulations
- (e) After deducting items (a), (b), (c) and (d) above from the current year's earnings, the distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the stockholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Jin-Guan-Zheng-Fa-Zi No. 1010012865, which sets out the following provisions for compliance:



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On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

As of January 1, 2014, special reserve set aside for the first-time adoption of T-IFRS amounted to NTD15,894,690 thousand. Also, the Company disposed of related assets and reversed special reserves of NTD696,332 thousand to retained earnings. In 2018, the Company has changed the measurement of investment property from cost model to fair value model. The policy should be applied retrospectively to all subsidiaries of the Company based on the conformity of the Company accounting policy. As a result, the subsidiaries restated their financial statements and the Company recognized related adjustments and increase retained earnings as of January 1, 2018 according to equity method. Such retained earnings were set aside for special reserve in the amount of NTD 13,855,398 thousand according to Financial Supervisory Commission's letter. In the shareholders' meeting in prior years, the Company resolved to make up for its losses by special reserve of NTD21,719,645 and to recover the special reserve amounted to NTD2,396,407 thousand. Unrecovered special reserve was NTD19,323,238 thousand accordingly. To sum up, special reserve was NTD9,730,518 thousand as of December 31, 2020.

Details of the 2020 deficits compensation and 2019 earnings distribution as approved by the board of directors' meeting and the shareholders' meeting on March 25, 2021 and June 30, 2020, respectively, are as follows:

	<u>Deficits compensation</u>	<u>Earnings distribution</u>
	2020	2019
Special reserve to compensate deficits	\$866,190	\$-
Appropriation of legal reserve	-	287,588
Appropriation of special reserve	-	2,272,174
	<u>\$866,190</u>	<u>\$2,559,762</u>

Please refer to Note 6(26) for more details about provision for bonuses of employees and compensation of directors and supervisors.

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(23) Operating revenue

	For the years ended	
	December 31,	
	2020	2019
Revenue from contracts with customers		
Sale of goods	\$13,630,685	\$16,053,377
Revenue arising from rendering of services	1,249,016	1,435,445
Other operating revenues	27,405	31,234
Subtotal	14,907,106	17,520,056
Leasing revenue	956,572	305,693
Total	<u>\$15,863,678</u>	<u>\$17,825,749</u>

Analysis of revenue from contracts with customers during the year is as follows:

A. Disaggregation of revenue

For the year 2020

	Electromechanical	Consumer	Other Business	Total
	Energy Business Dept			
Sale of goods	\$8,195,974	\$5,431,826	\$2,885	\$13,630,685
Rendering of services	1,219,968	28,989	59	1,249,016
Others	22,688	4,717	-	27,405
Total	<u>\$9,438,630</u>	<u>\$5,465,532</u>	<u>\$2,944</u>	<u>\$14,907,106</u>

Timing of revenue recognition:

At a point in time	\$8,590,089	\$5,465,532	\$2,944	\$14,058,565
Over time	848,541	-	-	848,541
Total	<u>\$9,438,630</u>	<u>\$5,465,532</u>	<u>\$2,944</u>	<u>\$14,907,106</u>

For the year 2019

	Electromechanical	Consumer	Other Business	Total
	Energy Business Dept			
Sale of goods	\$10,810,145	\$5,235,844	\$7,388	\$16,053,377
Rendering of services	1,405,166	30,279	-	1,435,445
Others	28,120	2,872	242	31,234
Total	<u>\$12,243,431</u>	<u>\$5,268,995</u>	<u>\$7,630</u>	<u>\$17,520,056</u>

Timing of revenue recognition:

At a point in time	\$11,528,987	\$5,268,995	\$7,630	\$16,805,612
Over time	714,444	-	-	714,444
Total	<u>\$12,243,431</u>	<u>\$5,268,995</u>	<u>\$7,630</u>	<u>\$17,520,056</u>

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B. Contract balances

(a) Contract assets (include current and non-current)

	As of December 31,	
	2020	2019
Construction contracts	\$282,248	\$209,908
Less: loss allowance	(85,899)	-
Total	\$196,349	\$209,908

The significant changes in the Company's balances of contract assets during the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31,	
	2020	2019
The opening balance transferred to trade receivables	\$(59,596)	\$(86,984)
Change in measure of progress	131,936	161,390
Loss allowance	(85,899)	-

2020.12.31

Items (Note 1)	Contract proceeds	Contract costs incurred	Accumulated recognized total project profit (loss)	Percentage of completion (Note 2)	Amounts billed based on construction progress	Construction contracts receivable
Percentage of completion method						
Category A	\$41,030	\$38,083	\$2,669	69~100%	\$27,831	\$12,921
Category B	6,217,928	5,552,192	(16,950)	0.63~100%	5,351,814	183,428
Category C	1,055,768	1,089,826	(221,710)	90~93%	868,116	-
Total	\$7,314,726	\$6,680,101	\$(235,991)		\$6,247,761	\$196,349

2019.12.31

Items (Note 1)	Contract proceeds	Contract costs incurred	Accumulated recognized total project profit (loss)	Percentage of completion (Note 2)	Amounts billed based on construction progress	Construction contracts receivable
Percentage of completion method						
Category A	\$52,115	\$46,397	\$2,850	40%~100%	\$35,836	\$13,411
Category B	7,392,031	6,200,379	(4,483)	29%~100%	6,049,555	146,341
Category C	1,089,102	1,080,067	(135,078)	86%~100%	894,833	50,156
Total	\$8,533,248	\$7,326,843	\$(136,711)		\$6,980,224	\$209,908

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(Note 1: Projects involving similar products have been combined as a single item.)

(Note 2: The percentage of completion varied in each project, it is therefore presented as a range)

As of December 31, 2020, the above construction projects had not generated construction retainage of construction contracts.

(b) Contract liabilities - current

	As of December 31,	
	2020	2019
Sales of goods, rendering of services and construction contracts	\$519,497	\$364,576

The significant changes in the Company's balances of contact liabilities for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31,	
	2020	2019
The opening balance transferred to revenue	\$(277,501)	\$(311,705)
Increase in receipts in advance during the periods (excluding the amount incurred and transferred to revenue during the periods)	432,422	273,374

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to NTD519,497 thousand as at December 31, 2020. Management expects that 0.00%~98.57% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue in 2021.

The Company's transaction price allocated to unsatisfied performance obligations amounted to NTD364,576 thousand as at December 31, 2019. Management expects that 7.20%~93.72% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue in 2020.

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(24) Expected credit losses/ (gains)

	For the years ended December 31,	
	2020	2019
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	\$176,582	\$18,669
Contract assets	85,899	-
Non-operating income and expenses - expected credit losses/(gains)		
Other receivable	5,434	-
Long-term receivable	(29,578)	1,372,670
		(Note1)
<b>Total</b>	<b>\$238,337</b>	<b>\$1,391,339</b>

Note1: According to accounting standards, when derecognizing subsidiaries, the Company should assess and recognize the expected credit impairment losses when considering the loss of claim from derecognizing subsidiaries. The effect of expected credit impairment losses from derecognizing GET and its subsidiaries are as follows:

	For the years ended December 31,		
	2019		
	Other consolidated		
	the Company	entities	Total
Consideration collected	\$-	\$-	\$-
Reverse of differed credit for investments accounted for under the equity method	341,388	2,660,483	3,001,871
Reclassified from equity to OCI because the parent lost control of the subsidiary	(466)	(196,257)	(196,723)
Gains (losses) on disposal of investments	340,922	2,464,226	2,805,148
Expected credit losses – Account receivable of GET	(1,371,012)	(357,459)	(1,728,471)
Default loss of long-term purchase contracts	-	(1,086,951)	(1,086,951)
Gains (losses) on disposal of Investments, net	\$(1,030,090)	\$1,019,816(Note 2)	\$(10,274)

Note2: Recognized as share of profit of subsidiaries associates and joint ventures accounted for using equity method.

Please refer to Note 12 for more details on credit risk.

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The credit risk for the Company's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Because the counterparties are banks and financial institutions with good credit rating, the loss allowance is measured at an amount of NTD0 thousand (loss ratio of 0 %).

The Company measures the loss allowance of its contract assets and receivables (including notes receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2020 and 2019 is as follows:

A. The loss allowance of contract assets is measured at an amount equal to lifetime expected credit losses, details are as follows:

	For the years ended December 31,	
	2020	2019
Total carrying amount	\$282,248	\$209,908
Expected credit loss rates	30.43%	0.00%
Loss allowance	(85,899)	-
Total	\$196,349	\$209,908

B. The Company considered the receivables by counterparties' credit ratings, by geographical regions, and by industry sectors and its loss allowance is measured by using the expected credit loss ratio. The details are as follows:

2020.12.31

Optical:	Not yet due	Overdue			Total
	(Note 1)	1-6 months	6 months -1 year	1 year above	
Gross carrying amount	\$925,694	\$9,975	\$7,861	\$235,495	\$1,179,025
Loss ratio (Note 2)	-	4.58%	21.72%	91.29%	-
Lifetime expected credit losses	-	(458)	(1,707)	(214,980)	(217,145)
Subtotal	925,694	9,517	6,154	20,515	961,880
Consumer products:	Not yet due	Overdue			Total
	(Note 1)	1-6 months	6 months -1 year	1 year above	
Gross carrying amount	\$1,759,675	\$575,199	\$-	\$5,656	\$2,340,530
Loss ratio (Note 2)	-	0.00%	-	97.24%	-
Lifetime expected credit losses	-	-	-	(5,500)	(5,500)
Subtotal	1,759,675	575,199	-	156	2,335,030
Carrying amount of accounts receivables					\$3,296,910

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Optical:	Not yet due (Note 1)	Overdue			Total
		1-6 months	6 months -1 year	1 year above	
Gross carrying amount	\$1,677,334	\$144,412	\$45,546	\$37,315	\$1,904,607
Loss ratio (Note 2)	-	1.45%	20.00%	79.93%	-
Lifetime expected credit losses	-	(2,098)	(9,109)	(29,827)	(41,034)
Subtotal	1,677,334	142,314	36,437	7,488	1,863,573

  

Consumer products:	Not yet due (Note 1)	Overdue			Total
		1-6 months	6 months -1 year	1 year above	
Gross carrying amount	\$1,404,833	\$580,887	\$-	\$7,273	\$1,992,993
Loss ratio (Note 2)	-	0.16%	-	100%	-
Lifetime expected credit losses	-	(916)	-	(7,273)	(8,189)
Subtotal	1,404,833	579,971	-	-	1,984,804
Carrying amount of accounts receivables					<u>\$3,848,377</u>

Note 1: The Company's notes receivables are not overdue.

Note 2: The loss ratio is measured by using provision matrix. However, if the counterparty has occurred financial difficulties, the loss ratio would be assessed individually.

The movement in the provision for impairment of accounts receivables and others during 2020 and 2019 is as follows:

2020.12.31

	Accounts receivable	Others (Note)
Beginning balance	\$49,223	\$2,604,327
Addition/(reversal) for the current periods	176,582	61,755
Write off	(13,148)	(2,075,525)
Exchange rate	9,988	(9,986)
Ending balance	<u>\$222,645</u>	<u>\$580,571</u>

2019.12.31

	Accounts receivable	Others (Note)
Beginning balance	\$31,681	\$1,232,104
Addition/(reversal) for the current periods	18,669	1,372,670
Write off	(1,574)	-
Exchange rate	447	(447)
Ending balance	<u>\$49,223</u>	<u>\$2,604,327</u>

Note: Others include Contract assets, other receivables and long-term receivable.

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(25) Leases

(A) Company as a lessee (applicable to the disclosure requirement under IFRS 16)

The Company leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 20 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2020	2019
Land	\$5,007	\$2,885
Buildings	21,006	248,153
Machinery and equipment	1,159	8,287
Transportation equipment	25,574	21,073
Office equipment	7,295	14,844
Other equipment	-	263
Total	<u>\$60,041</u>	<u>\$295,505</u>

During the year ended December 31, 2020, the Company's additions to right-of-use assets amounted to NTD38,661 thousand.

b. Lease liabilities

	As of December 31,	
	2020	2019
Current	\$28,984	\$262,267
Non-current	31,397	35,932
Total	<u>\$60,381</u>	<u>\$298,199</u>



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Please refer to Note 6 (27) for the interest on lease liabilities recognized during the year ended December 31, 2020 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2020.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the year ended December 31.	
	2020	2019
Land	\$1,493	\$1,717
Buildings	238,073	235,999
Machinery and equipment	6,152	5,313
Transportation equipment	12,644	14,040
Office equipment	9,086	9,370
Other equipment	66	395
Total	\$267,514	\$266,834

C. Income and costs relating to leasing activities

	For the year ended December 31.	
	2020	2019
The expenses relating to short-term leases	\$3,318	\$1,751
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	3,047	3,474
The expenses relating to variable lease payments not included in the measurement of lease liabilities	77,918	68,936

The portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

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D. Cash outflow relating to leasing activities

During the year ended December 31, 2020, the Company's total cash outflows for leases amounting to NTD357,814 thousand NTD346,845 thousand.

E. Other information relating to leasing activities

(i) Variable lease payments

Some of the Company's lease agreements (e.g. leases of construction places for solar energy equipment's, and of copy machines including clouds and virtual mother board property rental agreement) contain variable payment terms that are linked to certain percentages of electricity generated and usage from the leased properties, which is very common in the industry of the Company.

As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

(ii) Extension and termination options

Some of the Company's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company.

After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

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(26) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2020 and 2019:

By Nature, By Function	For the years ended December 31,					
	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$850,084	\$1,139,880	\$1,989,964	\$850,004	\$1,086,255	\$1,936,259
Labor and health insurance	75,641	104,044	179,685	78,231	100,944	179,175
Pension	38,427	52,419	90,846	35,326	55,360	90,686
Director's remuneration	-	17,718	17,718	-	14,400	14,400
Other employee benefits expense	34,945	10,092	45,037	39,324	9,776	49,100
Depreciation	510,661	198,605	709,266	548,156	218,785	766,941
Amortization	691	2,430	3,121	2,149	6,962	9,111

Note: (1) For the years ended December 31, 2020 and 2019, the Company employed 2,819 and 2,889 employees, respectively. Besides, 8 and 7 directors do not have adjunct position in the Company in 2020 and 2019.

(2) For the years ended December 31, 2020, and 2019, the average of employee benefits expense was NTD820 thousand and NTD783 thousand, respectively.

(3) For the years ended December 31, 2020, and 2019, the average of salaries was NTD708 thousand and NTD672 thousand, respectively.

(4) The average change rate of salaries is 5.4%

(5) For the years ended December 31, 2020, and 2019, the supervisor's remuneration is 0 thousand and 0 thousand because the Company has set up an audit committee to replace the supervisory authority.

The Company's salary and remuneration (including directors, managers and employees) policy:

(a) Directors' remuneration policy: The remuneration and travel expense of the Company's directors are determined based on the domestic and foreign industry standards, the directors' contribution to the Company's operation and participation, and in accordance with the Company's directors' salary and remuneration policy as recommended by the remuneration committee to be submitted to the board of directors for discussion and approval.

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- (b) Manager's remuneration policy: The remuneration of the Company's managers shall take into account the domestic and foreign industry standards and business performance results, and shall be implemented after the remuneration committee's recommendation based on the remuneration system of the Company's managers and submit the proposal to the board of directors for discussion and approval.
- (c) Employee remuneration policy: The Company's employee remuneration is determined based on the individual's ability, contribution to the Company, and performance. The salary and remuneration package includes basic salary, bonus and employee compensation, benefits, etc. The basic salary is determined in accordance with Company policies, employees' academic experience, and industry standards; bonuses and employee remuneration are awarded to reflect whether the employee's and departments' goals are achieved, or the Company's business performance; the welfare programs are based on compliance with laws and regulations and take into account the needs of employees to design the welfare measures to share with employees.

The Company's Article of Incorporation states that if there is a profit, the Company should set aside employee compensation no less than 1% of the profit and board member compensation no more than 2%. When the Company suffers an accumulated deficit, the profit should be retained to recover the deficit. The employee compensation should be paid out by shares or cash and should be resolved in the board of directors' meeting, with two thirds of the board members present and over half of the present members' approval, and should be reported to the meeting of shareholders'. Information of the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company suffered net loss in 2020 and thus did not accrue employees' compensation and remuneration to directors and supervisors.

The Company had net income in 2019. However, there is still accumulated deficits that need to be covered, hence, the Company did not accrue employees' compensation and remuneration to directors and supervisors.

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(27) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2020	2019
Interest income		
Interest on bank deposits	\$1,587	\$1,661
Financial assets measured at amortized cost	4,296	4,383
Others	88,383	280
Total	<u>\$94,266</u>	<u>\$6,324</u>

B. Other income

	For the years ended December 31,	
	2020	2019
Dividend income	\$23,087	\$31,046
Others	254,020	359,244
Total	<u>\$277,107</u>	<u>\$390,290</u>

C. Other gains and losses

	For the years ended December 31,	
	2020	2019
Gains (losses) on disposal of property, plant and equipment	\$7,204	(1,836)
Impairment loss on non-financial assets-property, plant and equipment	(46,203)	(230,197)
Impairment loss on non-financial assets-other non-current assets	(20,179)	-
Gains (losses) on disposal of investments	1,079,464	607,137
Foreign exchange gains (losses), net	(67,274)	(2,793)
Gains (losses) on financial assets / financial liabilities at fair value through profit or loss	883	19,936
Gains (losses) on investment property measured at fair value	3,320	-
Other gains and losses	(185,643)	(491,993)
Total	<u>\$771,572</u>	<u>\$(99,746)</u>

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C. Finance costs

	For the years ended December 31,	
	2020	2019
Interest on borrowings from bank	\$565,462	\$676,223
Interest on lease liabilities	3,553	8,462
Other	90,672	64,337
Total finance costs	\$659,687	\$749,022

(28) Components of other comprehensive income

For the year ended December 31, 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit (expense) relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(87,607)	\$-	\$(87,607)	\$-	\$(87,607)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	90,394	-	90,394	-	90,394
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(194,086)	-	(194,086)	-	(194,086)
To be reclassified to profit or loss in subsequent periods:					
Non-current assets held for sale (including disposal group) directly related to equity	(30,954)	-	(30,954)	-	(30,954)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(195,509)	-	(195,509)	-	(195,509)
Total of other comprehensive income (loss)	\$(417,762)	\$-	\$(417,762)	\$-	\$(417,762)

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For the year ended December 31, 2019:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit (expense) relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(15,699)	\$-	\$(15,699)	\$-	\$(15,699)
Unrealized gain (losses) from equity instruments investment measured at fair value through other comprehensive income	56,942	-	56,942	-	56,942
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	67,705	-	67,705	-	67,705
To be reclassified to profit or loss in subsequent periods:					
Non-current asset held for sale (including disposal group) directly related to equity	326,277	-	326,277	-	326,277
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(22,903)	-	(22,903)	-	(22,903)
Total of other comprehensive income (loss)	\$412,322	\$-	\$412,322	\$-	\$412,322

The Company has accumulated a large amount of loss carry forward. Therefore, there was not significant deferred income tax effect resulted from other comprehensive income and changes in equity in 2020 and 2019, and thus the Company did not record related income tax.

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(29) Income tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2020	2019
Current income tax expense (income):		
Current income tax charge	\$(17,495)	\$(224,273)
Adjustment in respect of current income tax of prior period	56,023	(69,269)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	20,000	20,000
Total income tax (income) expense	<u>\$58,528</u>	<u>\$(273,542)</u>

Income tax expenses (income) recognized in other comprehensive income

There was not significant deferred income tax effect resulted from other comprehensive income and changes in equity in 2020 and 2019, and thus the Company did not record related income tax.

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2020	2019
Accounting income (loss) before tax from continuing operations	<u>\$(1,017,809)</u>	<u>\$2,602,337</u>
Tax at the domestic rates applicable to profits in the country concerned	\$(203,562)	\$520,467
Tax effect of revenues exempt from taxation	(4,617)	(6,209)
Tax effect of expenses not deductible for tax purposes	(590,671)	(1,193,905)
Other	6,133	15,207
Tax effect of deferred tax assets/liabilities	812,717	684,440
Adjustment in respect of current income tax of prior period	56,023	(69,269)
Income tax benefit from consolidated return system	(17,495)	(224,273)
Total income tax expense (income) recognized in profit or loss	<u>\$58,528</u>	<u>\$(273,542)</u>



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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2020

	Beginning balance	Recognized in profit or loss	Ending balance
Temporary differences			
Deferred tax assets			
Investments accounted for using the equity method	\$-	\$82,098	\$82,098
Unrealized intragroup profits and losses	11,771	(2,147)	9,624
Loss allowance	434,990	(47,743)	387,247
Others	36,467	9,757	46,224
Subtotal	<u>483,228</u>	<u>41,965</u>	<u>525,193</u>
Deferred tax liabilities			
Provision for net defined liability	(99,485)	(60,877)	(160,362)
Unrealized gain on foreign exchange	(172,150)	238	(171,912)
Reserve for land revaluation	(3,417)	-	(3,417)
Others	(66,859)	(1,326)	(68,185)
Subtotal	<u>(341,911)</u>	<u>(61,965)</u>	<u>(403,876)</u>
Deferred tax (expense)/ income		<u><u>\$(20,000)</u></u>	
Net deferred tax assets/(liabilities)	<u>\$141,317</u>		<u>\$121,317</u>
Reflected in balance sheet as follows:			
Deferred tax assets	<u>\$483,228</u>		<u>\$525,193</u>
Deferred tax liabilities	<u>\$(341,911)</u>		<u>\$(403,876)</u>

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For the year ended December 31, 2019

	Beginning balance	Recognized in profit or loss	Ending balance
Temporary differences			
Deferred tax assets			
Investments accounted for using the equity method	\$592,510	\$(592,510)	\$-
Unrealized intragroup profits and losses	12,099	(328)	11,771
Loss allowance	79,061	355,929	434,990
Others	16,982	19,485	36,467
Subtotal	<u>700,652</u>	<u>(217,424)</u>	<u>483,228</u>
Deferred tax liabilities			
Investments accounted for using the equity method	(291,818)	291,818	-
Provision for net defined liability	(74,794)	(24,691)	(99,485)
Unrealized gain on foreign exchange	(169,306)	(2,844)	(172,150)
Reserve for land revaluation	(3,417)	-	(3,417)
Others	-	(66,859)	(66,859)
Subtotal	<u>(539,335)</u>	<u>197,424</u>	<u>(341,911)</u>
Deferred tax (expense)/ income		<u><u>\$(20,000)</u></u>	
Net deferred tax assets/(liabilities)	<u>\$161,317</u>		<u>\$141,317</u>
Reflected in balance sheet as follows:			
Deferred tax assets	<u>\$700,652</u>		<u>\$483,228</u>
Deferred tax liabilities	<u>\$(539,335)</u>		<u>\$(341,911)</u>

The following table contains information of the unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as of December 31,		Expiration year
		2020	2019	
2019	\$1,082,198	\$-	\$-	2029
2018	754,142	323,481	323,481	2028
2017	816,341	515,737	515,737	2027
2016	846,523	212,169	212,169	2026
2015	345,725	-	-	2025
2014	688,016	284,856	284,856	2024
2013	1,246,937	1,136,989	1,136,989	2023
2012	247,968	-	-	2022
2010	2,041,023	1,781,104	1,781,104	2020
	<u>\$8,068,873</u>	<u>\$4,254,336</u>	<u>\$4,254,336</u>	

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Unrecognized deferred tax assets

As of December 31, 2020, and 2019, the Company's unrecognized deferred tax assets amounted to NTD4,454,882 thousand, and NTD3,976,168 thousand, respectively.

The assessment of income tax returns

As of December 31, 2020, the assessment of the income tax returns of the Company through 2016.

(31) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2020	2019
Basic and diluted earnings (loss) per share:		
Net income (loss) (in thousands of NTD)	\$(1,076,337)	\$2,875,879
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in thousands)	\$2,335,061	\$2,310,335
Basic and diluted earnings (loss) per share	\$(0.46)	\$1.24

There were no other transactions involving ordinary shares or potential ordinary shares between the balance sheet date and the issuance date of the financial statements. Besides, the Company did not accrue employees' compensation and remuneration to directors and supervisors, therefore, there is no diluted effect to earnings (loss) per share.

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7. Related party transactions

Related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Tatung University	Significant influence over the Company
Tatung Senior High School	Significant influence over the Company
Chunghwa Picture Tubes, Ltd. (“CPT”)	Subsidiaries
Tatung System Technologies Inc. (“TSTI”)	Subsidiaries
Forward Electronics Co., Ltd. (“FD”)	Subsidiaries
San Chih Semiconductor Co., Ltd. (“SCSC”)	Subsidiaries
Tatung Fine Chemicals Co.	Subsidiaries
Central Research Technology Co., Ltd.	Subsidiaries
Tatung Consumer Products (Taiwan) Co., Ltd.	Subsidiaries
Shan-Chih Asset Development Co., Ltd. (“SCAD”)	Subsidiaries
Tatung Die Casting Co., Ltd.	Subsidiaries
Tatung (Thailand) Co., Ltd.	Subsidiaries
Tatung Company of Japan Inc.	Subsidiaries
Tatung Electronics (s) Pte. Ltd.	Subsidiaries
Tatung Company of America Inc.	Note 1
TMX Logistics, Inc	Note 2
Tatung Electric Company of America, Inc.	Subsidiaries
Tatung Medical & Healthcare Technologies Co., Ltd.	Subsidiaries
TOES Opto-Mechatronics Co., Ltd.	Subsidiaries
Tatung Vietnam Co. Ltd.	Note 8
Tatung Electric Technology (VN) Co., Ltd.	Note 8
Shan Chin Investment Co., Ltd.	Subsidiaries
Taipei Industry Corporation	Subsidiaries
Tatung Forever Energy Co., Ltd.	Subsidiaries
Tatung Forestry & Construction Co.	Subsidiaries
Sheng Yang Energy Co., Ltd.	Subsidiaries
Tung Yang Energy Co., Ltd.	Subsidiaries
Tatung (Shanghai) Co., Ltd	Subsidiaries
Tatung Information Technology (Jiangsu) Co., Ltd.	Subsidiaries
Tisnet Technology Inc.	Subsidiaries
Chyun Huei Commercial Technologies Inc.	Subsidiaries
Tatung Compressors (Zhongshan) Co., Ltd.	Subsidiaries
Chunghwa Electronics Development Co., Ltd.	Subsidiaries
Tatung Science and Technology, Inc.	Note 3

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Name of related parties	Relationship with the Company
Green Energy Technology Inc. (“GET”)	Note 4
HEDA Biotechnology Co., Ltd.	Note 5
Wu-jiang Tatung Electronics Trading Co. Ltd	Note 6
Shang Shin Energy Co., Ltd.	Subsidiaries
Chih Kuang Energy Co., Ltd.	Subsidiaries
Ting Shin Energy Co., Ltd.	Subsidiaries
Yao Yang Energy Co., Ltd	Subsidiaries
Zhi Shin Energy Co., Ltd.	Subsidiaries
Hsieh-Chih Industrial Library Publishing Co.	Associates
Gintung Energy Co., Ltd.(Note 7)	Associates
Weifang Great Energy Trading Co., Ltd.(Note 7)	Associates
Tatung SM-Cyclo Co., Ltd.	Associates
Tatung Okuma Co., Ltd.	Associates
Elitegroup Computer Systems Co., Ltd.	Associates
Kuender Co., Ltd.	Associates
Nature Worldwide Technology Corp.	Associates
The United Employees’ Welfare Committee of Tatung	Other related party
The Employee Welfare Committee of Tatung Company	Other related party
The Employee Welfare Committee of Tatung Consumer Products (Taiwan) Co., Ltd.	Other related party
Association of Tatung Company (Taoyuan)	Other related party

If the transaction amount of single related party doesn’t reach 10% of the transaction total amount, it will be combined to present with others.

Note1: TUS filed an application for bankruptcy reorganization with the bankruptcy court on September 30, 2019 (Chapter 11). This is because GET and TUS jointly entered into a long-term purchase contract for materials with supplier Hemlock. Afterwards, the price of the raw material market collapsed rapidly, which led to the dissolution and liquidation process of Green Energy Company. Green Energy Company was declared bankrupt by the Taipei District Court of Taiwan on February 21, 2020 (Letter 108 Po-Zi No. 35). In the subsequent reorganization process of TUS, Hemlock sold its claims on TUS to a third party. This third party became the largest creditor of TUS after obtaining Hemlock's claims, and became the sole shareholder of TUS with debt as equity investment in TUS, with 100 % Of TUS equity. Accordingly TUS filed the company reorganization plan to the bankruptcy court. The bankruptcy court approved TUS reorganization plan on December 9, 2020. All of the Company’s equity in TUS has been cancelled on December 15, 2020. As the Company lost control of TUS, TUS was no longer a related party to the Company.

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- Note 2: In the first quarter of 2020, the Company signed an agreement to sell all of its shares of Tatung Mexico S.A de C.V. (Including the subsidiary TMX Logistics, Inc. And TMX Technologies Inc). According to IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations, the Company recognized assets and liabilities of Tatung Mexico S.A de C.V. as non-current assets and liabilities held for sale as in the first quarter of 2020. Subsequently, the share transfer procedure was completed in the third quarter of 2020. Therefore, Tatung Mexico S.A de C.V was no longer a related party to the Company on September 30, 2020.
- Note 3: Tatung Science and Technology, Inc. completed liquidation procedures in November 2020.
- Note 4: Green Energy Technology Inc. (“GET”) resolved at its board meeting to withdraw its public issuance and passed the liquidation proposal on July 15, 2019. The dissolution and liquidation proposal were approved by the provisional shareholders’ meeting on August 30, 2019. The liquidator assumed office on August 30, 2019. As the Company lost control of GET and its subsidiaries, they were no longer related parties to the Company.
- Note 5: HEDA Biotechnology Co., Ltd. resolved at its provisional shareholders’ meeting to pass the liquidation proposal on December 21, 2020 and the company dissolved on December 31, 2020. The liquidator assumed office on December 31, 2020. As the Company lost control of HEDA Biotechnology Co., Ltd., it was no longer a related party to the Company.
- Note 6: Tatung Information Technology (Jiangsu) Co., Ltd., a subsidiary of the Company, acquired Wu-jiang Tatung Electronics Trading Co. Ltd. in September 2019. Tatung Information Technology (Jiangsu) Co., Ltd is a surviving company. Wu-jiang Tatung Electronics Trading Co. Ltd was no longer a related party to the Company.
- Note 7: Gintung Energy Co., Ltd. and Weifang Great Energy Trading Co., Ltd. were no longer the subsidiaries of the Company since August 30, 2019 but an associate of the company.
- Note 8: In the fourth quarter of 2018, the board of directors of the Company resolved to sell all of its shares of Tatung Electric Technology Co., Ltd. (later renamed KINGDOM FLOW CONTROL CO., LTD) and Tatung Vietnam Co., Ltd. (later renamed VIETNAM HANG LAM FURNITURE CO., LTD). According to IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations, the Company recognized assets and liabilities of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. as non-current assets and liabilities held for sale as at December 31, 2018. Subsequently, the share transfer procedures were completed in the third quarter of 2020. As of September 30, 2020, Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. were no longer the related parties to the Company.

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(1) Sales (including leasing revenue)

	For the years ended December 31,	
	2020	2019
Entity with joint control or significant influence over the Company	\$1,543	\$1,274
Subsidiaries		
Tatung Consumer Products (Taiwan) Co., Ltd.	2,786,381	2,877,503
Others	452,969	670,610
Associates	38,631	58,444
Other related parties	32	4,449
Total	<u>\$3,279,556</u>	<u>\$3,612,280</u>

The sales price to related parties was determined through mutual agreement based on market conditions. The collection terms for domestic related parties were 90 days, equivalent to those for domestic third parties; the collection terms for foreign related parties were 30-180 days, equivalent to these for foreign third parties.

(2) Purchase

	For the years ended December 31,	
	2020	2019
Subsidiaries		
Tatung Co. of Japan, Inc.	\$274,013	\$584,722
Gintung Solar Energy Co., Ltd. (Note)	-	385,051
Tatung (Thailand) Co., Ltd.	451,828	98,787
Others	813,898	775,797
Associates		
Elitegroup Computer Systems Co., Ltd.	742,320	446,732
Gintung Solar Energy Co., Ltd. (Note)	215,001	50,770
Others	61,283	13,637
Total	<u>\$2,558,343</u>	<u>\$2,355,496</u>

Note: Gintung Energy Co., Ltd. was no longer the subsidiary of the Company since August 30, 2019 but an associate of the Company.

The purchase price from related parties was determined through mutual agreement based on market conditions. The payment terms to related parties and third parties for domestic purchases were both net 30-150 days, while the terms for overseas purchases were both net 30-120 days.

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(3) Contract assets - current

	As of December 31,	
	2020	2019
Subsidiaries	\$-	\$4,786
Less: loss allowance	-	-
Net	<u>\$-</u>	<u>\$4,786</u>

(4) Accounts receivable – related parties

	As of December 31,	
	2020	2019
Entity with joint control or significant influence over the Company	\$93	\$46
Subsidiaries		
Tatung Consumer Products (Taiwan) Co., Ltd.	1,566,422	1,562,795
Others	49,745	118,993
Associates	6,292	13,597
Total	<u>1,622,552</u>	<u>1,695,431</u>
Less: loss allowance	-	(1,023)
Net	<u>\$1,622,552</u>	<u>\$1,694,408</u>

(5) Others receivable – related parties (current and non-current)

	As of December 31,	
	2020	2019
Reclassified from accounts receivable due to over-due and others:		
Entity with joint control or significant influence over the Company	\$157	\$281
Subsidiaries (Note 2)		
Chunghwa Picture Tubes, Ltd. (Note 1)	2,164,302	2,064,595
Tatung Information Technology (Jiangsu) Co., Ltd	474,467	518,235
Shan-Chih Asset Development Co.	231,194	269,724
Others	376,234	668,955
Associates	5,127	5,295
Total	<u>3,251,481</u>	<u>3,527,085</u>
Less: loss allowance	(28,414)	(71,122)
Net	<u>3,223,067</u>	<u>3,455,963</u>
Non-current portion (Reclassified as non-current assets)	<u>(2,670,179)</u>	<u>(2,585,354)</u>
Current portion	<u>\$552,888</u>	<u>\$870,609</u>



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Note 1: The Company provided an endorsement in the amount of NTD2 billion to Chunghwa Picture Tubes, Ltd. for its bank loans. As Chunghwa Picture Tubes, Ltd. applied for financial structuring, banks offset the NTD2 billion endorsement against the loans. Hence, the endorsement provided by the Company had become a claim against Chunghwa Picture Tubes, Ltd. and was recognized as financing provided to Chunghwa Picture Tubes, Ltd.

Note 2: In accordance with IFRS, the receivables and payables from subsidiaries were all written off when preparing the consolidated financial statements and therefore the Company recognized the investment losses in accordance with accounting standards for the allowance loss if any when preparing the parent company only financial statements.

(6) Prepayments

	As of December 31,	
	2020	2019
Subsidiaries		
Tatung (Shanghai) Co., Ltd	\$-	\$37,073
Tisnet Technology Inc.	3,225	6,032
Tatung Forestry and Construction Co.	5,461	19,698
Others	984	25,981
Associates		
Gintung Solar Energy Co., Ltd.	-	105,193
Total	<u>\$9,670</u>	<u>\$193,977</u>

(7) Other non-current assetss

	As of December 31,	
	2020	2019
Subsidiaries		
Others	\$5,184	\$5,800
Associates		
Gintung Solar Energy Co., Ltd.	217,178	123,666
Total	<u>\$222,362</u>	<u>\$129,466</u>

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(8) Accounts payable – related parties

	As of December 31,	
	2020	2019
Subsidiaries		
Tatung System Technologies Ltd.	\$141,807	\$17,495
Tatung (Thailand) Co., Ltd.	128,778	21,927
Tatung Information Technology (Jiangsu) Co., Ltd.	36,440	41,168
Tatung Forestry and Construction Co.	8,967	50,584
Others	93,376	57,098
Associates		
Elitegroup Computer Systems Co., Ltd.	247,979	130,504
Others	19,394	28,622
Total	<u>\$676,741</u>	<u>\$347,398</u>

(9) Other payable– related parties (Non-financial provided)

	As of December 31,	
	2020	2019
Entity with joint control or significant influence over the Company	\$-	\$573
Subsidiaries		
Tatung Consumer Products (Taiwan) Co., Ltd.	20,144	21,591
Tatung Forever Energy Co., Ltd.	78,464	63,662
Tatung System Technologies Ltd.	2,155	18,717
Others	15,257	20,313
Associates	3,147	22,765
Other related parties	-	50
Total	<u>\$119,167</u>	<u>\$147,671</u>

(10) Other payables (Financing provided)

As of December 31, 2020

	Maximum balance	Ending balance	Interest payable	Interest expense	Interest rate
Subsidiaries					
Shan-Chih Asset Development Co.	<u>\$4,000,000</u>	<u>\$3,400,000</u>	<u>\$-</u>	<u>\$90,626</u>	3.23%

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As of December 31, 2019

	Maximum balance	Ending balance	Interest payable	Interest expense	Interest rate
Subsidiaries					
Shan-Chih Asset Development Co.	\$2,450,000	\$1,950,000	\$-	\$64,160	3.50%

(11) Acquisition of property, plant and equipment

	Acquisition proceeds	
	2020	2019
Subsidiaries		
Tatung Forever Energy Co., Ltd.	\$338,140	\$64,721
Gintung Solar Energy Co., Ltd. (Note)	-	22,283
Others	91,863	33,381
Associates		
Gintung Solar Energy Co., Ltd. (Note)	42,088	47,240
Others	92	227
Total	\$472,183	\$167,852

Note: Gintung Energy Co., Ltd. was no longer the subsidiary of the Company since August 30, 2019 but an associate of the Company.

(12) Lease

Right-of-use

	As of December 31,	
	2020	2019
Subsidiaries		
Shan-Chih Asset Development Co.	\$-	\$219,439
Chyun Huei Commercial Technologies Inc.	1,159	1,462
Tisnet Technology Inc.	7,183	14,380
Others	553	14,798
Other related parties	-	375
Total	\$8,895	\$250,454

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Lease liabilities (current and non-current)

	As of December, 31	
	2020	2019
Subsidiaries		
Shan-Chih Asset Development Co.	\$-	\$221,700
Chyun Huei Commercial Technologies Inc.	1,173	1,464
Tisnet Technology Inc.	7,313	14,527
Others	549	15,082
Other related parties	-	379
Net	9,035	253,152
Non-current portion	(1,266)	(9,442)
Current portion	\$7,769	\$243,710

Interest expense

	As of December, 31	
	2020	2019
Subsidiaries		
Shan-Chih Asset Development Co.	\$2,144	\$6,624
Others	412	784
Other related parties	-	13
Total	\$2,556	\$7,421

(13) Compensation of key management personnel

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	\$38,070	\$33,861
Post-employment benefits	358	280
Total	\$38,428	\$34,141

(14) Operating expense — rent expenditure

	For the years ended December 31,	
	2020	2019
Entity with joint control or significant influence over the Company	\$-	\$30
Subsidiaries		
Tatung System Technology Inc.	-	402
Chyun Huei Commercial Technology Inc.	1,032	385
Tisnet Technology Inc.	692	702
Total	\$1,724	\$1,519

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(15) Notes endorsement and guarantee

The balances of guarantees that the Company provided for related parties as of December 31, 2020 and 2019 were as follows:

Name of related parties	Purpose	December 31, 2020	
Tatung Company of Japan, Inc.	Pledged for financing	NTD	469,710 thousand
San Chin Semiconductor Co., Ltd.	Pledged for financing	NTD	55,500 thousand

  

Name of related parties	Purpose	December 31, 2019	
Tatung Company of Japan, Inc.	Pledged for financing	NTD	1,119,320 thousand
San Chin Semiconductor Co., Ltd.	Pledged for financing	NTD	60,000 thousand

The honorary chairman of the Company guaranteed certain bank loans for the Company. Please refer to Note 6 (19) for more details. Subsequently, the Company will release the honorary chairman of the joint guarantees.

8. Assets pledged as security

The following table lists assets of the Company pledged as collateral:

	Carrying amounts as of		Purpose of pledge
	December 31,		
	2020	2019	
Machines and other Equipment	\$544,944	\$936,751	Loans
Financial assets measured at amortized cost	2,374,021	2,070,955	Construction security deposit and loans
Investments accounted for under the equity method	3,334,575	1,685,100	Loans
Total	<u>\$6,253,540</u>	<u>\$4,629,806</u>	

In addition to the pledged assets listed above, the Company pledged the property, plant and equipment's of subsidiaries as collateral for loans.

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9. Commitments and contingencies

- (1) The promissory notes issued by the Company to secure bank loans, construction performance bond and tariff guarantee amounted to NTD4,329,679 thousand.
- (2) The Company's unused letters of credit for importing raw materials and machinery amounted to NTD4,609 thousand, USD10,006 thousand, EUR125 thousand, JPY42,749 thousand, RMB3,101 thousand, CHF125 thousand, and SEK1,363 thousand.
- (3) Performance bond issued by financial institutions amounted to NTD432,271 thousand.
- (4) The Company applied for financing facilities with Mega International Commercial Bank, Bank of Taiwan, Chang Hwa Bank, and First Commercial Bank on behalf of Tatung Co., of Japan, Inc. by issuing the promissory notes amounted to (approved by the board of directors) JPY200,000 thousand, JPY1,200,000 thousand, JPY175,000 thousand and JPY150,000 thousand, respectively.
- (5) The Company applied for credit lines to Hua Nan Commercial Bank on behalf of San Chih Semiconductor Co., Ltd. and posted guarantee in the amount of NTD60,000 thousand. As of December 31, 2020, the balance of the guarantee provided by the Company amounted to NTD55,500 thousand. As the same time, the guarantee amount decreases to NTD55,500 thousand.
- (6) As of December 31, 2020, the significant contingencies and unrecognized contract commitments of the Company are as follows:
  - A. There are three cases in discussion. The Company filed actions against two contractors: King Pro Group ("King Pro") and J Ka Hung Exhibition Co., Ltd. ("Ka Hung") for failure to perform the engineering contract, and to claim damages and repayment of advance funds. King Pro and Ka Hung jointly filed an action against the Company to claim payment of construction funds. The first two cases are still in the combined trial of the first instance. The next court date of was set on April 29, 2021. The court rendered a decision regarding the last case at the first instance, and both parties were dissatisfactory then filed respective appeals. The case is still under trial at the second instance. The next court date is scheduled for March 29, 2021. The company registration database from the Ministry of Economic Affairs showed that King Pro was closed and Ka Hung has been ordered to be dissolved and liquidated, and neither King Pro nor Ka Hung registered any asset to carry out the compulsory enforcement. However the defendants refused to withdraw the action. The case is still under trial.

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- B. The Company was engaged in a construction project with Taiwan Railways Administration, MOTC (“Taiwan Railways”). There is still a dispute regarding the overdue fine charged by Taiwan Railways as the Company did not complete the project on time. Both parties entered the litigation process after the mediation failed, and it is still in the appraisal stage. The Company engaged in the Taiwan Railway Corporation (“Taiwan Railways”) integration of logistics system (“Taiwan Railways- Case A”) and inspection of completion of the project was rejected by Taiwan Railways for more than 3 years because the requirements changed and that Case A needed to be integrated with the accounting system (“Taiwan Railways- Case B”). The Company filed to the Taipei District Court on August 8, 2018 to claim inspection of Case A and the final payment. It is still in the appraisal stage, and the next court date has not been set. The Company was engaged in the integration of accounting system (“Taiwan Railways- Case B”). Because the requirements changed frequently and inspection of completion was rejected, so the Company filed to the Taipei District Court to request inspection of completion of Case B and the final payment. The two parties expressed their opinions on the appraisal results, and the next court date has not been set.
- C. On March 31, 2015, the Company outsourced the “Office relocation and expansion of Taiwan Taoyuan District Court and new construction project of Dang Cheng Building” to Da Hong Chung Technical Engineering Co., Ltd (“Da Hong Chung”). The Company deemed that Da Hong Chung did not assign sufficient workers as contracted and hence delayed the construction progress. The Company notified Da Hong Chung to increase manpower for the project. However, Da Hong Chung refused to do so because it claimed that the Company had not paid the additional construction fee. The Company terminated the contract on October 19, 2017 and would claim damages against Da Hong Chung for the delay when the construction is completed. Da Hong Chung filed a legal action to the Taiwan Taipei District Court to claim its construction receivable in February 2018. The two parties expressed their opinions on the appraisal results, and the next court date has not been set.
- D. United Aerotech System Corporation filed a legal action against the Company on January 6, 2010, claiming payments of consultant fees amounting to NTD1,490 thousand. Both parties reached a settlement in 2017. However, on March 12, 2018, the Company received the indictment from United Aerotech System Corporation claiming consulting fee amounting to NTD32,643 thousand. The Company had appointed attorneys to handle the issue. The court has required United Aerotech System Corporation to present detailed evidence and to explain the reasons and necessity. The court declared the Company was the prevailing party on September 27, 2019 and United Aerotech System Corporation filed for a trial. Both parties could not reach a settlement on March 10, 2020. The judge urged if the trial could be concluded by mediation, so the next mediation court will be held on June 12, 2020. The judge urged a reconciliation between the two parties, while reconciliation failed. The conclusion of oral-argument is on September 29, 2020 and received the judgment of action and the court declared the Company was the prevailing party on October 26, 2020. United Aerotech System Corporation appeal to a court of third instance and the Supreme Court denied the appeal.

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- E. The Company was engaged in a smart electrical meter project with Taiwan Power Company, (“Taiwan Power”). The Company delivered the products according to the purchase contracts signed and finished the inspection and acceptance, and payment collection. However, there is still a dispute regarding the warranty coverage of “Meter Interface Unit” of the smart electrical meter. The mediation committee recognized that Taiwan Power’s claim was groundless and the mediation failed because Taiwan Power did not accept the mediation result. Taiwan Power later has filed an action. After the mediation and several court sessions, the judge urged a reconciliation between the two parties and proposed a plan pending Taiwan Power’s response. The next court date was set on April 27, 2021.
- H. Based on the “Related party transaction percentage of listed companies after the completion of acquisition and the commitment of future sales of listed companies” signed on September 11, 2014 by Chunghwa Picture Tubes (Bermuda) Ltd. (“CPTB”) and Chunghwa Picture Tubes Technology (Labuan) Ltd. (“CPTTG (L)”), CPTTG filed an action against Chunghwa Picture Tubes (Bermuda) Ltd. (“CPTB”) in December 2018 in the Higher People's Court of Fujian, claiming payment in the amount of RMB 1.914 billion. On March 28, 2019, the Company and Chunghwa Picture Tubes Ltd. (“CPT”) were added as defendants in the above-mentioned litigation. The Company received documents through EMS mail from the Higher People's Court of Fujian the following day, including the “Civil complaint”, “Notification of response”, “Notification of proof”, “Evidence list”, “Supplemental evidence list”, “Notification of service address of the party”, “Return of service certificate”, “Summons”, “Notification of members of the panel of judges”. The above-mentioned "Civil Complaint" made the following claims:
- (1) CPTB, Defendant One, shall pay RMB 1.914 billion to CPTTG.
  - (2) The Company, i.e. Defendant Two, and CPT, i.e. Defendant Three, shall be joint liable for the above-mentioned compensation in the amount of RMB 1.914 billion.
  - (3) All court costs and expense shall be borne by the three defendants.

On May 10, 2019, the Company inquired about CPTTG's 2019-054 "Progress Announcement on the Filing of Litigation" and learned that CPTTG (L) has applied to the Higher People's Court of Fujian to increase the amount of the claim to RMB 3,029,027,800 based on its 2018 audit results. In addition, the CPTTG announcement also stated that due to the objection regarding jurisdiction raised by the Company and CPT, the Court of the People's Republic of China dismissed the objection and on January 16, 2020, the court released the CPTTG announcement “Progress Announcement on the Filing of Litigation ” 2019-Zui-Gao-Fa-Min-Xia-Zhong-No. 467 to CPT and the Company. The appeal was dismissed and the ruling was a final ruling. The original ruling regarding the jurisdiction maintained the same. The Company made an announcement immediately and discussed with the lawyer for the follow-up measures to protect the rights and interests of the Company and shareholders. The original evidence exchange was set on May 12, 2020; the original court hearing time was set on May 13, 2020 All parties expressed their opinions regarding the relevant evidence on May 12, 2020.



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During the exchange of evidence, CPTTG proposed to the Fujian Provincial Higher People's Court to audit the "Commitment to proportion of related party transactions of the listed company" and the ROE of CPTTG in 2018, and applied for a postponement of the hearing. On August 18, 2020, CPTTG submitted the "Audit Application" to the Fujian Higher People's Court and the court notified the company, CPT and CPTB to submit an opinion. On September 8, 2020, the Company and CPT submitted the "Response on the "Audit Application"" to the Fujian Higher People's Court and agreed with the audit. At the same time, it is clearly stated that the decision did not acknowledge that the company and CPT are required to assume guarantee responsibility or pay any compensation to CPTTG in this lawsuit. At the request of the court, on January 29, 2021, the audit list cross-examination opinions and the audit list checked by CPT were submitted to the Court.

On March 2, 2021, the Fujian Provincial Higher People's Court cross-examined the audit list materials which were submitted by CPTTG, and delivered the "Audit Application" submitted by CPTTG to CPTB, the company and CPT. In the application, CPTTG requested: (1) Request the court to entrust an auditing agency in accordance with the "Commitment of the performance after public issues" issued by CPTB on January 16, 2009 and the "Commitment Letter" issued by the company and CPT on July 7, 2009. To audit the proportion of related party transactions, the ROE in 2018, and the amount of compensation that needs to be made up in accordance with the aforementioned commitments of CPTTG in 2018; (2) Request the court to entrust an audit agency in accordance with the "Related party transaction percentage of listed companies after the completion of acquisition and the commitment of future sales of listed companies" issued by CPTB on September 11, 2014. In 2018, CPTTG's daily related transaction amount and the proportion of related party transactions, the 2018 ROE and the amount of compensation that need to be supplemented in accordance with the aforementioned commitments were audited. In the cross-examination, the Fujian Higher People's Court requested CPTTG to clarify the definition and scope of related transactions and ROE.

On March 15, 2021, a statement from CPTTG on the definition and scope of related transactions and ROE sent by the Fujian Higher People's Court was received and the court requested the Company and CPT to submit an opinion.

On March 24, 2021, a mainland China lawyer was appointed to submit the "Letter of Objection Regarding the Statement of CPTTG." to the Fujian Higher People's Court.

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At present, this document is still in the preparatory stage of judicial audit pending further notice from Fujian Higher Court. The trial date has not yet been set. This case has not yet entered a substantive trial stage. According to Article 270 of the "Civil Procedure Law of the People's Republic of China", "The People's Court shall not be subject to Article 149 and Article 176 of this law during the trial of foreign-related civil cases.". The Fujian Higher People's Court is not subject to the time limit for the trial of this case, so the time limit for the first trial of this case cannot be determined or estimated yet. CPTTG needs to support the audit results on the amount of compensation for the trial, which has no impact on the Company at present.

The Company re-checked CPTTG's 2019-114 "Progress Announcement on the Filing of Litigation" on July 19, 2019 and learned that Civil Ruling 2019-Min-Min-Chu No. 1-1 have been served by the Higher People's Court of Fujian. According to CPTTG 2019-018 announcement, CPTTG filed property preservation to the court against CPTB on January 8, 2019, and submitted the supplement document on January 16, 2019. The above-mentioned Civil Ruling 2019-Min-Min-Cchu No. 1-1 was the decision made by the court which approved CPTTG's application to preserve CPTB's property.

With respect to whether the Company shall be held jointly liable, the Company deemed that: In 2009, the Company, CPT, CPTB and CPTTG (L) made various commitments to CPTTG following the asset reorganization as shown in the following table. However, the Company only signed the commitment letters from No. 7 to No. 12 and No. 19 in the table. In addition, in 2014, with approval from the shareholders' meeting, CPTTG changed the "Commitment about not reducing shareholding interest in the listed company." and " Commitment of the proportion of related party transactions of listed companies after the acquisition". The original commitments therefore expired and the amendment to the previous commitments in 2014 were only executed by CPTB and CPTTG (L). Neither the Company nor CPT were involved. After consulting mainland and Taiwan lawyers for legal opinions, the Company believed that this joint liability was no longer effective. Furthermore, CPTB has lost control of CPTTG.

CPTTG's ground for the claim was the recognition of the loss allowance. The timing of the recognition was after CPT lost control of CPTTG, during which time the commitment already expired. The claim against CPTB remained doubtful, and CPT's receivables were payables of CPTTG, which were not related to the Company. As a result, according to IAS 37, it is not sufficient for the Company to evaluate whether there is any obligation that will lead to economic benefit outflow, and thus the Company did not recognize provisions for contingent liabilities.

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The contents, contracting parties, signed date, expiration and execution and current status of each commitment in 2009 are summarized below:

Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
1. Commitment about not reducing shareholding interest in the listed company. CPTB and CPTL made a commitment that from completing the acquisition to production of new next-generation LCD panel, CPTB and CPTTG(L) will not reduce their shareholding interests in Mindong Electric (Group) Co., Ltd.	CPTB and CPTTG(L)	December 31, 2008	On September 11, 2014, the special shareholders meeting of CPTTG approved by majority votes the revision to the commitments. This commitment was no longer valid. No commitment was breached.
2. Commitment of not transferring shares of Mindong Electric (Group) Co., Ltd. in 3 years CPTB and CPTTG(L) committed that they will not transfer shares of Mindong Electric (Group) Co., Ltd. in the 3 years following Mindong Electric (Group) Co., Ltd.'s end of private issue.	CPTB and CPTTG(L)	January 16, 2009	Expired upon 3 years following CPTTG's public offering (2012). This commitment was no longer valid. No commitment was breached.
3. Commitment of the performance after public issues CPTB and CPTTG (L) committed that as long as the legal and policy factors around the operating environment of the 4 LCM Companies remain unchanged, the ROE of Mindong Electric (Group) Co., Ltd. will not be less than 10% when the proportion of related party transactions of Mindong Electric (Group) Co., Ltd. had not been reduced to below (and not including) 30% after the acquisition within one accounting year. CPTB will make up the difference by cash if the ROE is less than 10%. If the proportion of related party transactions of Mindong Electric (Group) Co., Ltd. recovered to more than 30% (including 30%) of all transactions in the subsequent accounting year, CPTB and CPTTG (L) commit that the ROE will not be less than 10%. CPTB will also make up the difference by cash if the ROE is less than 10%.	CPTB and CPTTG(L)	January 16, 2009	On the September 11, 2014, the CPTTG Annual Shareholder Meeting passed the revised commitments. This commitment was no longer valid. No commitment was breached.

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>4. Commitment about the profitability of Mindong Electric (Group) Co., Ltd. in the next 3 years CPTB and CPTTG (L) committed that after the asset settlement date of Mindong Electric (Group) Co., Ltd. in 2009, the consolidated net income attributable to owners of parent will not be less than the amount calculated below: RMB0.295 billion/ 12 * M (M: the numbers of months that the assets were acquired by the listed company.) In 2010, the consolidated net income attributable to owners of parent was not less than RMB0.346 billion; In 2011, the consolidated net income attributable to owners of parent was not less than RMB0.346 billion. If Mindong Electric (Group) Co., Ltd. could not meet the performance goal, CPTB will make up the shortfall by cash.</p>	CPTB and CPTTG(L)	January 16, 2009	Expired on December 31, 2011. This commitment was no longer valid. No commitment was breached.
<p>5. Commitment of the proportion of related party transactions of listed companies after the acquisition CPTB and CPTTG (L) committed that from the day the acquisition was completed until December 31, 2010, the proportion of related party transactions of Mindong Electric (Group) Co., Ltd. would be reduced to below 30% (not including 30%) and would maintain the same level in the subsequent years. If the proportion of related party transactions is not reduced to lower than 30% (not including 30%) by December 31, 2010, CPTB will give 4,546,719 shares to all shareholders (except for CPTB and CPTTG(L)) of Mindong Electric (Group) Co., Ltd.</p>	CPTB and CPTTG(L)	January 16, 2009	Expired on December 31, 2010. This commitment was no longer valid. No commitment was breached.
<p>6. Supplementary commitment of the proportion of related party transactions after listed CPTB and CPTTG(L) committed that after the material asset restructuring, the proportion of related party transactions will be lower than 60% in December 2009; the proportion of related party transactions will be lower than 30% (not including 30%) in December 2010; the proportion of related party transactions will continue to be lower than 30% (not including 30%) from 2011.</p>	CPTB and CPTTG(L)		On the September 11, 2014, the CPTTG Annual Shareholder Meeting passed the revised commitments. This commitment was no longer valid. No commitment was breached.

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>7. Commitment letter regarding restriction and reduction of related party transactions</p> <p>(A) The Company, CPT, CPTB, CPTTG (L) and their subsidiaries should strictly follow the fair and reasonable standard and guarantee that they do not harm the shareholders' interest when making transactions with Mindong Electric (Group) Co., Ltd.</p> <p>(B) The Company, CPT, CPTB, CPTTG(L) and their subsidiaries should strictly follow the "Stock Listing Rules of the Shenzhen Stock Exchange", "Articles of Association of Mindong Electric (Group) Co., Ltd.", and "Decision system of related party transactions" when making transactions with Mindong Electric (Group) Co., Ltd.</p> <p>(C) As the business integration of Mindong Electric (Group) Co., Ltd. continues, the Company, CPT, CPTB, CPTTG (L) and their subsidiaries should reduce the related party transactions with Mindong Electric (Group) Co., Ltd.</p> <p>(D) After the restructure, Mindong Electric (Group) Co., Ltd. started to manufacture LCD panel for CPT and its subsidiaries, as a result, there were more related party transactions between Mindong Electric (Group) Co., Ltd. and CPT Group. The Company, CPT, CPTB and CPTTG(L) committed that the intercompany OEM price should refer to market price if the OEM rate is available, or the price Mindong Electric (Group) Co., Ltd. manufactures for other third parties or cost mark-up if the OEM rate is not available to make sure the OEM profit is generated reasonably.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>January 16, 2009</p>	<p>If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitments shall expire. No commitment was breached.</p>

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<p>8. Commitment of non-competition with listed companies in the industry CPTB, CPTTG (L), CPT and the Company confirmed that CPTF Optronics Co., Ltd. produced small and medium size LCD module. The small and medium size LCD module produced by CPTF Optronics Co., Ltd. and the large size LCD modules produced by the 4 LCM Companies do not compete. Additionally, from then on, the Company, CPT, CPTB, CPTTG (L) and their subsidiaries cannot engage in similar business as Mindong Electric (Group) Co., Ltd. and its subsidiaries within and outside China, including investment, acquisition and combination with other entities that engage in similar business as Mindong Electric (Group) Co., Ltd. The Company, CPT, CPTB, CPTTG (L) and their subsidiaries cannot engage in similar business that Mindong Electric (Group) Co., Ltd. and its subsidiaries newly invested in, including investment with de facto control, acquisition and combination with other entities, within China.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>January 16, 2009</p>	<p>If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitments shall expire. No commitment was breached.</p>
<p>9. Commitment about the operation independence of the listed company CPTB, CPTTG(L), CPT and the Company committed to keep Mindong Electric (Group) Co., Ltd.'s assets, employees, finance, organization and business independent. Specifically: (A) Maintain Mindong Electric (Group) Co., Ltd.'s and its subsidiaries' assets independent and intact: Mindong Electric (Group) Co., Ltd. and its subsidiaries will have the abilities of production; build operating systems; own property, plant and equipment related to manufacture; have the right to use trademark, patent and knowledge. (B) Independence of employees: ① All management, such as general manager, vice president, finance manager and board secretary of Mindong Electric (Group) Co., Ltd. do not serve other positions (except for directors or Supervisor) and receive payroll from other entities held by the undersigned of the commitment. ② The finance personnel of Mindong Electric (Group) Co., Ltd. do not serve other positions in other entities held by the undersigned of the commitment.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>January 16, 2009</p>	<p>No commitment was breached.</p>

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>(C) Independence of finance:</p> <p>① Mindong Electric (Group) Co., Ltd. will establish an independent financial system to make independent financial decisions, have a financial accounting system in place and a financial management system that governs the branches and subsidiaries.</p> <p>② Mindong Electric (Group) Co., Ltd. does not share bank accounts with the undersigned of the commitment and its subsidiaries.</p> <p>(D) Independence of organization: Mindong Electric (Group) Co., Ltd. will establish a well-defined and structured internal division to exercise independently the managing capacity, which will not involve any division controlled by Mindong Electric (Group) Co., Ltd. and its subsidiaries.</p> <p>(E) Independence of business: The undersigned of the commitment will strictly follow the “Commitment of non- competition in the industry” to keep the operation independent of Mindong Electric (Group) Co., Ltd. by avoiding the unfair related party transactions with the undersigned of the commitment.</p>			
<p>10. Commitment about the information disclosure CPTB, CPTTG (L), CPT and the Company committed that after Mindong Electric (Group) Co., Ltd. was approved of private issuance of shares, if the Company, CPT, CPTB and CPTTG(L) make any decisions related to business or any controls over Mindong Electric (Group) Co., Ltd., according to the responsibility of information disclosure under China regulations, they shall inform Mindong Electric (Group) Co., Ltd. and disclose the same content in R.O.C.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>January 16, 2009</p>	<p>If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitments shall expire. No commitment was breached.</p>

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>11. Supplementary commitment of changes in business model of Shenzhen Huaxianjing Technology Co., Ltd. CPTB, CPTTG(L), CPT and the Company committed that, to comply with the “Commitment of non-competition in the industry”, the changes in business model of Shenzhen Huaxianjing Technology Co., Ltd. would not cause competition. In addition, the “Commitment about the profitability of Mindong Electric (Group) Co., Ltd. in the next 3 years” and the “Commitment of the company’s performance after it is listed” state that the net income of Mindong Electric (Group) Co., Ltd. will not be affected by the changes in business model of Shenzhen Huaxianjing Technology Co., Ltd. The related party transactions of Shenzhen Huaxianjing Technology Co., Ltd. under the new business model also follow “Commitment letter for the regulation and reduce of related party transactions” and “Supplementary commitment of the proportion of related party transactions after listed”. CPT still grants patents based on “Commitment about the use of patent” after the changes in business model of Shenzhen Huaxianjing Technology Co., Ltd.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>March 31, 2009</p>	<p>If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitments shall expire. In addition, on April 9, 2013, the CPTTG 2012 Annual Shareholder Meeting passed the resolution “Regarding the sale of shareholding in the subsidiary,” by which it sold its 75% shareholding in Shenzhen Huaxianjing Technology Co., Ltd. to China Star Optoelectronics International (HK) Limited. As such, this commitment was no longer valid. No commitment was breached.</p>
<p>12. Commitment and supplementary commitment about CPTF Visual Display (Fuzhou) Ltd. (“FVD”) and Fujian Huaxianjing Technology Co., Ltd. providing entrusted loans and guarantee for Xiamen Overseas Chinese Electronic Co., Ltd., CPTTG (L), CPT and the Company committed that the entrusted loans and guarantee FVD and Fujian Huaxianjing Technology Co., Ltd. provided for Xiamen Overseas Chinese Electronic Co., Ltd. before the restructure of Mindong Electric (Group) Co., Ltd. would not cause damage to FVD’s and Fujian Huaxianjing Technology Co., Ltd.’s interests or affect Mindong Electric (Group) Co., Ltd shareholders’ interests. If any loss incurs, CPTB will make up for the loss by cash.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>March 31, 2009 、 July 7, 2009</p>	<p>No commitment was breached</p>



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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>13. Commitment about composition of board of directors of listed companies.</p> <p>CPTB made a commitment that after the restructuring, Mindong Electric (Group) Co., Ltd. would modify its articles of incorporation. The board of directors would be composed of 9 directors, including 5 independent directors who are based in China. During the period serving as the controlling shareholders of Mindong Electric (Group) Co., Ltd., half of the directors of the board are independent and are based in China and the directors will not make any modification to the listed companies' articles of incorporation that contradicts with the above commitment.</p>	CPTB	July 7, 2009	No commitment was breached.
<p>14. Commitment about share repurchase</p> <p>CPTB made a commitment that if it fails to fulfill the obligation of sales reimbursement according to "Commitment about profitability of Mindong Electric (Group) Co., Ltd in the future 3 years.", the board of directors of Mindong Electric (Group) Co., Ltd. are entitled to repurchase shares of CPTB to the extent permitted by applicable law to compensate the minority shareholders of Mindong Electric (Group) Co., Ltd. CPTB will recuse itself when discussing the share repurchase case during the board meeting of Mindong Electric (Group) Co., Ltd. to the extent permitted by applicable law and pursuant to the Articles of Incorporation of Mindong Electric (Group) Co., Ltd.</p>	CPTB	July 27, 2009	<p>Expired as of December 31, 2011. This commitment was no longer valid.</p> <p>No commitment was breached.</p>

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>15. Commitment about patents licensing</p> <p>CPT made a commitment that: A. It has already acquired the technology and patents required for manufacturing LCD module and has obtained necessary licensing. After restructuring of Mindong Electric (Group) Co., Ltd., CPT agreed to grant Mindong its patents related to the manufacturing of LCD module that it previously applied, gained approval or made public. Other related patents acquired later by CPT will also be granted to Mindong Electric (Group) Co., Ltd. The licensing is irrevocable and the effective period of the license is the effective period of the patent. If Mindong Electric (Group) Co., Ltd. utilized the patents mentioned above because of orders to manufacture LCD module from CPT or other entities controlled by CPT, CPT agreed to waive the patent fee. However, if the orders are from third parties, CPT would charge patent fee and the amount would be assessed by third party professional institution. Also, the amount would be approved by the board of directors of listed companies in China or shareholders meeting according to applicable law and the “Related transaction decision procedures ” established by listed companies in China. C. After restructuring Mindong Electric (Group) Co., Ltd., with respect to orders to manufacture LCD module from CPT or other entities controlled by CPT, CPT represented that Mindong Electric (Group) Co., Ltd. will not infringe the patents CPT owned and acquired from third parties by performing the contracts. If Mindong Electric (Group) Co., Ltd. is accused of infringing the abovementioned patents by third parties because of performing the contract, CPT would be held jointly liable for the related legal responsibilities. Also, the damage caused by Mindong Electric (Group) Co., Ltd. would be indemnified by CPT.</p>	CPT	January 16, 2009	No commitment was breached.

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>16. Supplementary commitment about the patent licensing CPT committed that for utilization of the applied, approved or public patents when Mindong Electric (Group) Co., Ltd. and its subsidiaries manufacture LCD module, CPT agreed to waive the patent fee. The supplementary commitment is effective from the day the restructuring of Mindong Electric (Group) Co., Ltd. took effect and will remain effective as long as CPT is the substantial controller of Mindong Electric (Group) Co., Ltd. However, if CPT is deemed to have lost control of Mindong Electric (Group) Co., Ltd. by the China Securities Regulatory Commission or Shenzhen Stock Exchange, the supplementary commitment will expire immediately.</p>	CPT		<p>If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitments shall expire. No commitment was breached.</p>
<p>17. Supplementary commitment about utilization of goodwill and patent licensing Contents: CPT committed that: A. After the restructuring of material assets of Mindong Electric (Group) Co., Ltd. the company and its subsidiaries do not have to pay any charges from the impact of CPT's goodwill. Mindong Electric (Group) Co., Ltd. and its subsidiaries will establish their own goodwill and gradually lessen the impact of CPT's goodwill on Mindong Electric (Group) Co., Ltd. and its subsidiaries. B. If CPT transfers its own patent registered in China, Mindong Electric (Group) Co., Ltd. will have the priority to buy it under the same terms. If such patent is transferred to any third party, CPT will assure Mindong Electric (Group) Co., Ltd. and its subsidiaries the effectiveness of the patent licensing. Also, per the transfer contracts, the transferee shall not interfere with the licensing of patents to Mindong Electric (Group) Co., Ltd. and its subsidiaries.</p>	CPT		<p>If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitment shall expire. No commitment was breached.</p>

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>C. If CPT loses its patent and hence causes damage to Mindong Electric (Group) Co., Ltd. and its subsidiaries, CPT will be held accountable for the total cost for them to obtain legal right of use of such patent or alternative technology.</p> <p>D. If Mindong Electric (Group) Co., Ltd. and its subsidiaries require patent licensing from third parties because of manufacturing needs in the future, CPT will help them obtain related patent licensing using its industry status and experience.</p> <p>E. The supplementary commitment is effective from the day the restructuring of Mindong Electric (Group) Co., Ltd. takes effect and will remain effective as long as CPT is the substantial controller of Mindong Electric (Group) Co., Ltd. However, if CPT is deemed to have lost control of Mindong Electric (Group) Co., Ltd. by the China Securities Regulatory Commission or Shenzhen Stock Exchange, the supplementary commitment will expire immediately.</p>			
<p>18. Commitment about CPT's joint liability</p> <p>CPT committed that it assumes joint and several liability with respect to the commitment made by CPTB and CPTTG(L) about the shareholding interest of Mindong Electric (Group) Co., Ltd. sales performance and related party transactions. If CPTB and CPTTG(L) fail to adhere to the above commitment and need to make compensation, CPT would assume joint and several liability for such compensation.</p>	CPT	January 16, 2009	No commitment was breached.

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>19. "Commitment letter" about assuming joint and several liability Tatung Co., Ltd and CPT committed that with respect to the written commitment submitted by CPTB and CPTTG(L) to the China Securities Regulatory Commission for the private issue of Mindong Electric (Group) Co., Ltd., Tatung Co., Ltd and CPT will assume joint and several liability.</p>	<p>CPT and the Company</p>	<p>July 7, 2009</p>	<p>If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitment shall expire. Part of the commitment has been expired and replaced by new commitment approved in CPTTG's shareholders' meeting on September 11, 2014. The Company did not issue new commitment or undertaking to bear the joint and several liability for the new commitment. No commitment was breached.</p>
<p>20. Commitment about the restructuring party not reducing the shareholding interest of listed companies. CPTB、CPTTG(L) approved the revision of the commitments :CPTB and CPTTG(L) withdrew the commitment that during the period from the completion of acquisition and second generation (above 7G) of large size LCD panel product lines being injected to Mindong Electric (Group) Co., Ltd., CPTB and CPTTG(L) will not reduce their shareholding percentage of Mindong Electric (Group) Co., Ltd. The supplementary commitment of CPTB and CPTTG(L) "Motion of revising commitment of shareholders" was approved by at the shareholders meeting of CPTTG. After the completion of transfer of paid-in capital to share capital, shares of CPTB and CPTTG(L) will be listed and be entitled with the outstanding rights. Also, in the first 18 months after the "Motion of revising commitment of shareholders" is approved at the shareholders meeting of CPTTG, CPTB and CPTTG(L) will not decrease their shareholding of CPTTG.</p>	<p>CPTB CPTTG(L)</p>	<p>September 11, 2014</p>	<p>The revision expired on March 11, 2016 and is no longer applicable. No commitment was breached.</p>

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>21. Related party transaction percentage of listed companies after the completion of acquisition and the commitment of future sales of listed companies.</p> <p>Revision of CPTB and CPTTG(L)'s commitment: Starting from 2014, during any account year, if the amount of related party transactions accounts for more than 30% of the sales during the same period and of the same transaction category (limited to materials purchase, sale of products and rendering of service involved in daily operations), the shareholders will need to assure that simulated consolidated calculation of rate of return of net assets of LCD module companies (please see below for specific scope) owned by CPTTG is not less than 10% (the calculation of rate of return of net assets does not include Kernerstone Materials Technology Co. Ltd., a subsidiary and other companies that are expected to be acquired and merged and invested in the future). Also, CPTB and CPTTG will make up for the insufficient portion by cash. The commitment will expire from the shareholders of CPTB and CPTTG(L) lost control of the company. The simulated consolidated scope for calculating net assets of LCD module companies' rate of return of net assets is as follows:</p> <ul style="list-style-type: none"> <li>① Net assets of CPTF Optronics Co., Ltd. and its subsidiaries</li> <li>② Net assets of CPTW</li> <li>③ Net assets of FDT</li> <li>④ Net assets of CPT TPV Optical (Fujian) Co., Ltd.</li> <li>⑤ Net assets of CPTTG(L)</li> <li>⑥ Net assets of CPTTG less net assets increased from financing after this motion was approved at the shareholders meeting</li> <li>⑦ When the above LCD module companies are no longer included in the consolidation because of being sold or shareholding percentage decrease, they will not be included in the calculation.</li> </ul> <p>The simulated consolidated scope for calculating net income of LCD module companies' rate of return of net assets is as follows:</p> <ul style="list-style-type: none"> <li>① Net income of CPTF Optronics Co., Ltd. and its subsidiaries</li> <li>② Net income of CPTW</li> <li>③ Net income of FDT</li> <li>④ Net income of CPT TPV Optical (Fujian) Co., Ltd.</li> <li>⑤ Net income of CPTTG(L)</li> <li>⑥ Net income of CPTTG</li> <li>⑦ When LCD module companies are no longer included in the consolidation because of being sold or shareholding percentage reduced, they will not be included in the calculation.</li> </ul>	<p>CPTB CPTTG(L)</p>	<p>September 11, 2014</p>	<p>If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitment shall expire.</p>

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- I. Hemlock Semiconductor Corporation (“Hemlock”), a supplier of silicon raw material, filed an action against Green Energy Technology Inc. (“GET”) and Tatung Co. of America Inc. (“TUS”). A settlement was reached on September 21, 2018. The SUPPLY AGREEMENT, SETTLEMENT AGREEMENT, and LETTER AGREEMENT were signed upon settlement. GET would purchase raw material from Hemlock Semiconductor Corporation. Hemlock Semiconductor Corporation has withdrawn the action.

According to the contract, both parties agreed the minimum amount and purchase price from 2019 to 2029. The purchase quantity in 2019 was 5,000 tons. According to the contract, there is a non-cancellable installed prepayment in the amount of USD35,000 thousand in 10 years. The first payment of USD5,000 thousand was due on January 31, 2019, the second of USD 2,500 thousand was due on July 31, 2019. GET and TUS did not make the payment as scheduled. GET Group has recognized provisional loss in the amount of USD35,000 thousand (NTD1,075,025 thousand) under provision-noncurrent. As Hemlock was aware that GET had decided to file for liquidation to close down business in Taiwan, Hemlock still proposed a settlement of USD35,000 thousand to GET and TUS, but there was no conclusion. TUS filed an application for bankruptcy reorganization with the bankruptcy court on September 30, 2019 (Chapter 11). GET was ruled bankrupt by Taipei District Court on February 21, 2020. After that, the liquidator of Green Energy Company also applied for bankruptcy to the Taipei District Court of Taiwan, and was declared bankrupt by the Taipei District Court of Taiwan on February 21, 2019 (108 Po-Zi No. 35).

In the subsequent reorganization process of TUS, Hemlock sold its claims on TUS to a third party. This third party became the largest creditor of TUS after obtaining Hemlock's claims, and became the sole shareholder of TUS with debt as equity investment in TUS, with 100 % Of TUS equity. Accordingly TUS filed the company reorganization plan to the bankruptcy court. The bankruptcy court approved the TUS reorganization plan on December 9, 2020. All of the company's equity in TUS has been cancelled on December 15, 2020. After consulting with American lawyers, based on the judgment elements and principles disclosed in the Alter Ego case in the United States, whether Hemlock can cite the Alter Ego case to sue the company and win the case will depend on the evidence found in the litigation process, but the possibility of adverse consequences for the company is minimal. In order to protect its own rights, the Company has filed a lawsuit against Hemlock in Taiwan alleging that the creditor's rights do not exist.

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10. Significant disaster loss

None.

11. Significant subsequent events

- (1) The Company resolved to apply for credit lines to Hua Nan Commercial Bank on behalf of San Chih Semiconductor Co., Ltd. and posted guarantee in the amount of NTD55,500 thousand at its board meeting on January 20, 2021. The Company did not increase the total amount of its guarantee. San Chih Semiconductor Co., Ltd. repays bank borrowings as agreed every month, and the Company's guarantee risk and amount have been reduced simultaneously.
- (2) For the operation needs, the Company resolved to apply for financing in the amount of NTD1,500,000 thousand to Shan-Chih Asset Development Co. at its board meeting on January 20, 2021. As of the date of issuance of the report, the accumulated financing balance was NTD3,600,000 thousand.
- (3) The Company resolved to sell all of its shares of Chih Kuang energy Co., Ltd. at its board meeting on March 25, 2021. The Company intends to sell to TA YA GREEN ENERGY TECHNOLOGY CO., LTD. for a transaction amount of NT\$938,000 thousand (the actual amount will be adjusted according to the second installation capacity). However, the case has reached the threshold for applying for combined declaration, therefore is pending approval from the Fair Trade Commission.
- (4) The Company's subsidiary, Tatung Electronics(S) Pte. Ltd, is undergoing liquidation procedures. In February 2021, the repatriation of NT\$76,824 thousand in stocks was remitted, and recognized as advance receipts. After the liquidation of Tatung Electronics(S) Pte. Ltd was completed, the Company will derecognize it and its subsidiary's investments from the financial statements.



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12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2020	2019
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	\$-	\$15,004
Subtotal	-	15,004
Financial assets at fair value through other comprehensive income (including non-current)	546,904	495,711
Subtotal	546,904	495,711
Financial asset amortized at cost:		
Cash and cash equivalents (excluding cash on hand and petty cash)	2,697,536	3,000,526
Financial asset amortized at cost (including non-current)	2,378,585	2,087,494
Contract asset (including non-current)	196,349	209,908
Notes receivable (including related parties)	149,563	126,322
Accounts receivable (including related parties)	3,147,347	3,722,055
Other receivables (including related parties) (including non-current)	3,425,637	3,517,835
Operating lease receivable (including related parties)	61	132
Finance lease receivable (including related parties) (including non-current)	709,589	384,443
Deposits out	351,160	387,317
Subtotal	13,055,827	13,436,032
Total	<u>\$13,602,731</u>	<u>\$13,946,747</u>

Financial liabilities

	As of December 31,	
	2020	2019
Financial liabilities at amortized cost:		
Short-term loans	\$699,210	\$1,528,691
Short-term notes and bills payable	-	151,794
Payables (including related parties) (including non-current)	7,433,393	6,021,540
Long-term loans (including the current portion)	25,667,288	25,776,739
Lease liability (including non-current)	60,381	298,199
Deposits in	2,790	1,079
Subtotal	33,863,062	33,778,042
Financial liabilities at fair value through profit or loss:		
Held-for-trading	5,367	2,808
Total	<u>\$33,868,429</u>	<u>\$33,780,850</u>

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(2) Financial risk management objectives and policies

The Company's risk management objectives are to manage market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk preference.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise of currency risk, interest rate risk, and other price risk (such as equity price risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD, JPY and RMB.

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The information of the sensitivity analysis is as follows:

- A. When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2020 and 2019 will increase (decrease) by NTD9,421 thousand and NTD11,434 thousand respectively.
- B. When NTD appreciates or depreciates against JPY by 1%, the profit for the years ended December 31, 2020 and 2019 would decrease (increase) by NTD679 thousand and NTD1,899 thousand respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the balance sheet date, a change of 10 basis points of interest rate could cause the profit for the years ended December 31, 2020 and 2019 to decrease (increase) by NTD26,160 thousand and NTD26,536 thousand, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while unlisted equity securities are classified under measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

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For 2020, a change of 1% in the price of the listed companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NTD1,557 thousand and NTD1,570 thousand on the equity attributable to the Company.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for contract assets, accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2020, and 2019, top ten customers' receivables represented 85.46% and 81.17% of the total account's receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for contract assets and trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

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Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
<u>December 31, 2020</u>					
Loans (including contracted interests)	\$7,778,289	\$19,532,627	\$49,174	\$-	\$27,360,090
Short-term notes and bills payable					
Payables (including related parties) (including non-current portion)	7,433,393	-	-	-	7,433,393
Deposit-in	2,790	-	-	-	2,790
Lease liabilities	30,225	24,131	5,292	6,109	65,757
<u>December 31, 2019</u>					
Loans (including contracted interests)	\$4,413,156	\$23,878,108	\$150,763	\$49,242	\$28,491,269
Short-term notes and bills payable	152,000	-	-	-	152,000
Payables (including related parties) (including non-current portion)	6,021,540	-	-	-	6,021,540
Deposit-in	1,079	-	-	-	1,079
Lease liabilities	269,206	25,112	6,257	6,642	307,217

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Derivative financial liabilities

	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
<u>December 31, 2020</u>					
Flow-in	\$-	\$-	\$-	\$-	\$-
Flow-out	(5,367)	-	-	-	(5,367)
Net	<u>\$ (5,367)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$ (5,367)</u>
<u>December 31, 2019</u>					
Flow-in	\$-	\$-	\$-	\$-	\$-
Flow-out	(2,808)	-	-	-	(2,808)
Net	<u>\$ (2,808)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$ (2,808)</u>

The above tables about the disclosures of derivative financial instruments used the undiscounted net cash flow.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for 2020

	Other payables- related parties	Short-term notes and bills payable	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2020	\$1,950,000	\$151,794	\$1,528,691	\$25,776,739	\$298,199	\$29,705,423
Cash flows	1,450,000	(151,794)	(829,481)	(109,451)	(273,531)	85,743
Other (Note)	-	-	-	-	35,713	35,713
December 31, 2020	<u>\$3,400,000</u>	<u>\$</u>	<u>\$699,210</u>	<u>\$25,667,288</u>	<u>\$60,381</u>	<u>\$29,826,879</u>

(Note: Others are from the changes of the exchange rates and changes from non-cash)

Reconciliation of liabilities of 2019:

	Other payables- related parties	Short-term notes and bills payable	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2019	\$-	\$251,911	\$4,601,696	\$28,555,648	\$534,365	\$33,943,620
Cash flows	1,950,000	(100,117)	(3,073,005)	(2,778,909)	(272,684)	(4,274,715)
Other (Note)	-	-	-	-	36,518	36,518
December 31, 2019	<u>\$1,950,000</u>	<u>\$151,794</u>	<u>\$1,528,691</u>	<u>\$25,776,739</u>	<u>\$298,199</u>	<u>\$29,705,423</u>

(Note: Others are from the changes of the exchange rates and changes from non-cash)

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(7) Fair value of financial instruments

A. the methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans, lease liabilities and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

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B. The carrying amount of the Company's financial instruments measured at amortized cost such as cash and cash equivalents, receivables, financial assets at amortized cost, payables, long-term and short-term loans, short-term notes and bills payable, deposits-out, deposits-in and lease liabilities approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at December 31, 2020 and 2019 is as follows:

The Company

Forward exchange contracts

Forward foreign exchange contracts to manage exposure part partial transactions, but not designated as hedging instruments:

December 31, 2020

	Currency	Period	Amount (thousands)
Buying currency exchange forward	Buy USD Sell NTD	109.10~110.04	USD 10,000
	Buy EUR Sell NTD	109.09~110.01	EUR 800

December 31, 2019

	Currency	Period	Amount (thousands)
Buying currency exchange forward	Buy USD Sell NTD	108.10~109.04	USD7,000



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Exchange options

December 31, 2020

The following table refers to the related conditions with regard to the Company's unsettled exchange options on December 31, 2020.

Counterparty bank	Foreign exchange rate	Foreign exchange rate on the date of settlement FX	Term of settlement (USD in thousands)
A	USD/TWD	FX <27.50	Executing price at 27.50 to buy USD 1,000

As of December 31, 2020, the unsettled foreign exchange options contracts amounted to USD1,000 thousand, with a fair value of NTD (3) thousand (including royalties amounted to NTD155 thousand and unrealized gain amounted to NTD152 thousand), recognized as financial liabilities carried at fair value through profit or loss - current.

December 31, 2019

There was no unsettled exchange option in 2019, and the settled amount were USD 3,000 thousand.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

- Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets at fair value through profit or loss:				
Open-end funds				
Financial assets at fair value through other comprehensive income:				
Equity instrument measured at fair value through other comprehensive income	\$155,652	\$-	\$391,252	\$546,904
<u>Financial liabilities</u>				
Financial liabilities at fair value through profit or loss:				
Forward exchange contracts	-	(5,364)	-	(5,364)
	-	(3)	-	(3)

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets at fair value through profit or loss:				
Open-end funds	\$15,004	\$-	\$-	\$15,004
Financial assets at fair value through other comprehensive income:				
Equity instrument measured at fair value through other comprehensive income	156,965	-	338,746	495,711
<u>Financial liabilities</u>				
Financial liabilities at fair value through profit or loss:				
Forward exchange contracts	-	(2,808)	-	(2,808)

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Transfers between Level 1 and Level 2 during the period

There were no transfers between Level 1 and 2 for the years ended December 31, 2020 and 2019.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Asset
	At fair value through other comprehensive income
	Stocks
January 1, 2020	\$338,746
During 2020	
During 2020 Amount recognized in OCI: (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	52,506
December 31, 2020	\$391,252
	Asset
	At fair value through other comprehensive income
	Stocks
January 1, 2019	\$202,475
During 2019 Amount recognized in OCI: Amount recognized in OCI: (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	29,881
Acquisition/issuance, 2019	106,390
December 31, 2019	\$338,746

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Information on significant unobservable inputs to valuation in Level 3

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at December 31, 2020:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	25%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NTD3,912 thousand

As at December 31, 2019:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	25%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NTD3,387 thousand

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's investment and accounting department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure that the valuation result is reasonable.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments accounted for using the equity method (please refer to Note 6 (9))	\$2,226,961	\$-	\$-	\$2,226,961

As at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments accounted for using the equity method (please refer to Note 6 (9))	\$2,088,913	\$-	\$-	\$2,088,913

(10) Significant assets and liabilities denominated in foreign currencies

The exchange rates used to translate assets and liabilities denominated in foreign currencies are disclosed as follows:

Foreign currency-dollar, NTD-thousands

	<u>As of December 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial Assets -</u>			
<u>Monetary items</u>			
USD	\$73,035,063	28.4800	\$2,080,039
JPY	134,980,556	0.2763	37,295
EUR	521,091	35.0200	18,249
HKD	275,835	3.6730	1,013
SEK	395,781	3.4800	1,377
THB	6,515,906	0.9556	6,227

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		As of December 31, 2020		
		Foreign currency	Exchange rate	NTD
<u>Non-Monetary items</u>				
	USD	5,379,844	28.4800	153,218
	JPY	7,295,220,251	0.2763	2,015,669
	RMB	120,490,494	4.3770	527,387
	THB	608,272,108	0.9556	581,265
	SGD	3,772,532	21.5600	81,336
<u>Financial Liabilities -</u>				
<u>Monetary items</u>				
	USD	39,957,221	28.4800	1,137,982
	THB	8,595,674	0.9556	8,214
	JPY	380,952,276	0.2763	105,257
	EUR	2,916,410	35.0200	102,133
	RMB	601,095	4.3770	2,631
	SEK	346,000	3.4800	1,204
		As of December 31, 2019		
		Foreign currency	Exchange rate	NTD
<u>Financial Assets -</u>				
<u>Monetary items</u>				
	USD	\$76,541,469	29.9800	\$2,292,015
	JPY	716,813,025	0.2760	197,840
	EUR	512,025	33.5900	17,199
	HKD	1,446,203	3.8490	5,566
	THB	6,319,937	1.0098	6,382
<u>Non-Monetary items</u>				
	USD	(11,077,120)	29.9800	(332,092)
	RMB	161,469,090	4.3050	695,124
	THB	527,184,908	1.0098	532,351
	JPY	4,804,211,102	0.2760	1,325,962
	SGD	3,617,406	22.2800	80,596
	MXN	78,859,777	1.5855	125,033
	VND	217,392,123,852	0.0013	287,750
<u>Financial Liabilities -</u>				
<u>Monetary items</u>				
	USD	38,312,103	29.9800	1,148,597
	THB	12,666,849	1.0098	12,791
	JPY	28,846,452	0.2760	7,962
	EUR	1,312,162	33.5900	47,030
	RMB	115,426	4.3050	497

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The Company has various kinds of foreign currency transactions, and hence it's impractical to disclose the foreign exchange information of monetary financial assets and liabilities by each significant foreign currency. For the years ended 2020 and 2019, the foreign currency exchange losses were NTD67,274 thousand and NTD2,793 thousand, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) With respect to the case regarding Nature Worldwide Technology Co., the former chairman Wei-Shan Lin was sentenced to imprisonment and penalties by the Taiwan High Court on August 23, 2017. Wei-Shan Lin appealed to the Supreme Court of the ROC. The Supreme Court rejected the appeal on May 29, 2019 with document 2018Tai-Shang-Zi No.1831.

Wei-Shan Lin resigned as the director and chairman of the Company on February 1, 2018. The Company's operations, finance and business were not affected by the above personal cases and will continue as usual. But the original judgment was based on the facts that existed before the judgment, and there were still evidences that have not yet been considered and the evidence affecting the judgment was not been adopted as the basis of the judgment. Therefore, the former chairman, Wei-Shan Lin, based on the protection of his own rights and interests, filed a retrial suit in accordance with the law, and the trial was opened on July 8, 2020. The post-retrial procedure was rejected by the Taiwan High Court on January 29, 2021, and the case is currently in the appeal process.

(13) With respect to the controversies between the Company and shareholders, such as exercise of disgorgement, 2017 shareholders' meeting resolution effectiveness, exercise of shareholders voting right, appointment of inspector, injunctive relief, application for convening a special meeting of shareholders by minority shareholders etc., except for the case of the exercise of shareholders voting right, which is currently under trial in the Taipei District Court of Taiwan, the rest of the cases have been withdrawn or terminated, so there is no litigation. If there is any further development, it will be announced to the public as material information according to law. The Company's operations, finance and business were not affected by the above personal cases and will continue as usual.

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(14) The cases arising from the election of directors at the Company's regular shareholders' meeting on June 30, 2020 included: (1) The Securities and Futures Investors Protection Center dismissed Lin Guo Wenchang as a director of the Company. On December 17, 2020, the Taipei District Court ruled that director Wen-Yen Lin Kuo should be dismissed as a director of Tatung Co., Ltd. Director Wen-Yen Lin Kuo has filed an appeal; (2) The Financial Supervisory Commission ordered the Company not to handle the administrative sanctions of stock affairs on its own, and the Company's stock affairs have been entrusted to Taishin Bank to handle it.

13. Other disclosure

(1) Information at significant transactions:

- A. Financing provided to others: refer to Attachment 1.
- B. Endorsement/Guarantee provided to others: refer to Attachment 2.
- C. Securities held refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: refer to Attachment 4.
- E. Acquisition of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: None.
- F. Disposal of real estate up to the amount exceeding the lower of NTD300 million or 20% of capital stock: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 5.
- H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 6.
- I. Engaging in derivative transactions: refer to Note 12(8) in the parent company only financial statements.
- J. Intercompany Relationships and Significant Intercompany Transactions: refer to Attachment 10.



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(2) Information on investees:

A. Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: refer to Attachment 8.

B. Of the investee company who directly or indirectly has control, the following information is disclosed:

(a) Financing provided to others: refer to Attachment 1.

(b) Endorsement/Guarantee provided to others: refer to Attachment 2.

(c) Securities held refer to Attachment 3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: refer to Attachment 4.

(e) Acquisition of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: None.

(f) Disposal of real estate up to the amount exceeding the lower of NTD300 million or 20% of capital stock: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 5.

(h) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 6.

(i) Engaging in derivative transactions: refer to Attachment 7.

C. Information on investments in mainland China:

(a) The investee company name, main business, paid-in capital, investment, capital outflow, ownership, investment gains and losses, ending balance of investment, repatriation of investment income and have to go to the mainland investment limit scenario: refer to Attachment 9.

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- (b) With the investee companies directly or indirectly through a third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses were as follows:
- i. Ending balance and percentage, purchase amount and percentage of related payables: refer to Attachment 5.
  - ii. Sales amount and percentage of the balance and percentage of the related receivables: refer to Attachment 5.
  - iii. Gains and loss on the transaction amount of property: None.
  - iv. Endorsement guarantees or collateral ending balance and purpose: refer to Attachment 2.
  - v. The highest balance of financing, the total ending balance, and interest rate range and current total interest: refer to Attachment 1.
  - vi. Other transactions that have a significant impact on the profit or loss or financial position of the current period, such as the provision of services or received, etc.: None.

D. Information on major shareholders: refer to Attachment 11.

## ATTACHMENT I

## Financing provided to others

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

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related Party (Note 18)	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party (Note 5)	Reason for financing (Note 6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 7)	Limit of total financing amount (Note 7)	Note
													Item	Value			
0	Tatung Co., Ltd	San Chih Semiconductor Co., Ltd.	Other receivables - related parties	Yes	\$20,000	\$-	\$-	2.20%	2	\$-	Business turnover	\$-	None	\$-	\$3,510,204	\$14,040,816	
0	Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd.	Long-term receivables- related parties	Yes	1,995,145	1,995,145	1,995,145	5.00%	2	-	Loan repayment	-	Equipment Shares (Note 10)	1,549,278	3,510,204	14,040,816	(Note 9)
1	Shan-Chih Asset Development Co.	Tatung Co., Ltd	Other receivables - related parties	Yes	4,000,000	4,000,000	3,400,000	3.23%	2	-	Business turnover	-	None	-	5,584,025	11,168,050	
		Nature Worldwide Technology Corp.	Other receivables - related parties	Yes	68,991	68,991	68,991	3.00%	2	-	Business turnover	68,991	None	-	5,584,025	11,168,050	(Note 11)
		Tatung InfoComm Co., Ltd.	Long-term receivables	No	611,359	611,261	611,261	2.00%	2	-	Business turnover	611,261	None	-	5,584,025	11,168,050	(Note 12)
2	Shan-Chih Investment Co., Ltd	Nature Worldwide Technology Corp.	Other receivables - related parties	Yes	929,577	929,577	929,577	3.10%	2	-	Business turnover	929,577	None	-	144,895	144,895	(Note 13)
3	Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co.,Ltd.	Other receivables - related parties	No	20,000	20,000	20,000	2.00%	2	-	Business turnover	20,000	None	-	9,895	39,579	(Note 14)
4	Taipei Industry Corporation	Green Energy Technology Inc.	Other receivables	No (Note 16)	200,000	200,000	200,000	3.00%	2	-	Business turnover	200,000	Machinery, equipment	289,673	241,659	241,659	(Note 15)
5	Huain Tatung Advanced Technology Materials Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Other receivables - related parties	Yes	31,418	26,262	26,262	Huain lending rates+0.25%	2	-	Business turnover	-	None	-	64,322	64,322	
5	Huain Tatung Advanced Technology Materials Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	34,813	34,797	34,797	Huain lending rates+0.25%	2	-	Business turnover	-	None	-	64,322	64,322	
6	Shang Chih International Chemical Industry Co. Ltd.	Tatung Fine Chemicals Co., Ltd.	Other receivables - related parties	Yes	2,057	1,851	-	Shanghua lending rates+0.25%	2	-	Business turnover	-	None	-	64,196	64,196	
7	TST Infotech Co., Ltd	Chyun Huei Commercial Technologies Inc.	Other receivables - related parties	Yes	50,000	50,000	-	2.20%	2	-	Business turnover	-	None	-	135,201	540,805	

Note 1: The Company and its subsidiaries are coded as follows:

(i) The Company is coded "0".

(ii) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: If the economic substance of transactions are financing to others, regardless of which component they are recognized as in the financial statements, certain transactions such as the account receivables -related parties and advances are included herein.

Note 3: Maximum balance of financing provided to others for the current year.

Note 4: Nature of financing is coded as follows: operational funding is coded "1"; short-term financing is coded "2".

Note 5: Total amount of the financing is disclosed herein if the financing is related to business transactions. Total amount of financing shall refer to the amount the lender provides to the borrower within the past year.

Note 6: The reasons and counterparties of the financing are addressed herein as the financing was associated with short-term capital needs.

Note 7: Financing to individual counter-party shall not exceed the net assets values from the latest financial statements or shall not exceed 10%-40% of the net assets values from the latest consolidated financial statements.

Total financing amount shall not exceed 40% of the audited/reviewed net assets value of the most current period.

Note 8: If a public company brings the financing proposal to the board of directors according to Article 14-1, the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the amount resolved by the board in the balance to disclose the risk, even if the funds are not appropriated yet. When the funds are repaid afterwards, the company should disclose the amount returned to reflect the risk adjustment.

If a public company authorizes the chairman of the board of directors to appropriate or use certain limits of the funds several times in the period of a year according to Article 14-2, Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the amount resolved by the board in the balance.

Note 9: As of November 30, 2018, the Company provided endorsement in the amount of TWD2 billion to Chunghwa Picture Tubes, Ltd. for its bank loans. As Chunghwa Picture Tubes, Ltd. applied for financial structuring on December 13, 2018, banks claimed maturity of the loans and offset the TWD2 billion security against the loans.

As of December 31, 2020, the Company had a claim against Chunghwa Picture Tubes, Ltd. in the amount of TWD1,995,145 thousand and such amount was recognized as financing provided to Chunghwa Picture Tubes, Ltd. according to the resolutions of the board of directors of Tatung Co., Ltd on December 27, 2018.

The Taiwan Taoyuan district court delivered the final ruling of payment orders, Chunghwa Picture Tubes, Ltd. on January 31, 2020 which demanded Chunghwa Picture Tubes, Ltd. to pay NTD1,995,145 thousand with interest at 5% annually to the Company and CPT did not pursue an appeal, and then the Company received the finalized ruling of payment orders on February 13, 2020.

Note 10: The value of collaterals shall refer to the value of equipment, which was located in Chunghwa Picture Tubes, Ltd.'s plants in Longtan and Yang Mei, and the 100% shares of Chunghwa Picture Tubes (Bermuda) Ltd. The value of collaterals was appraised by Grand Elite Property Appraisal Co., Ltd. The appraisal value of collaterals was TWD 1,947,146 thousand according to the appraised report on March, 2021.

Note 11: Of the claim Shan-Chih Asset Development Co. has against Nature Worldwide Technology Corp., TWD120,000 thousand was received on June 10, 2013 while the remaining is still in litigation.

Note 12: The financing provided by Shan-Chih Asset Development Co. to Tatung InfoComm Co., Ltd. used to be the financing provided by Tatung Co., Ltd to Tatung InfoComm Co., Ltd. Such claim was sold to Shan-Chih Asset Development Co. for TWD53,000 thousand on December 29, 2017.

Hence, the financing was disclosed under Shan-Chih Asset Development Co. and Shan-Chih Asset Development Co. is the one collecting payments. According to the execution which issued by Taichung District court No.98353 on October 2, 2019, the company was received NTD8 thousand on November 22, 2019.

According to the reconciliation transcript which issued by Changhua District court No.161, the company was received NTD112 thousand on April 17, 2020 through Feb.2021.

Note 13: Shan-Chih Investment Co., Ltd has provided financing to Nature Worldwide Technology Corp. more than the limit. Nature Worldwide Technology Corp. is currently under liquidation procedures and such situation would be remediated when the liquidation is completed.

Shan-Chih Investment Co., Ltd provided financing to Nature Worldwide Technology Corp. in the amount of TWD948,722 thousand, including principal of TWD690,800 thousand, other receivables and compensations.

As of December 31, 2010, Shan-Chih Investment Co., Ltd.'s other receivables from Nature Worldwide Technology Corp. were netting against its credit balance of investment.

According to the letter from New Taipei Branch, Administrative Enforcement Agency, Ministry of Justice, Shan-Chih Investment Co., Ltd received TWD25,659 thousand from the distribution executed by New Taipei Branch, Administrative Enforcement Agency, Ministry of Justice. (distribution fee TWD19,144 thousand+ execution fee TWD6,515 thousand).

Note 14: Chih Sheng Investment Co., Ltd. has provided financing of NTD28,000 thousand to HEDA Biotechnology Co.,Ltd. in September 2011. However, HEDA Biotechnology Co.,Ltd. failed to repay on time.

After Chih Sheng Investment Co., Ltd.'s notice, HEDA Biotechnology Co.,Ltd. repaid NTD8,000 thousand in October 2012 while HEDA Biotechnology Co.,Ltd. was unable to repay the remaining TWD20,000 thousand.

As HEDA Biotechnology Co.,Ltd.'s shareholders' meeting approved the liquidation proposal on December 31, 2020, Chih Sheng Investment Co., Ltd. Lost the control to HEDA Biotechnology Co.,Ltd., and acquired liquidation form from Taipei city governmental business department on January 13, 2021. The court is reviewing the document and the liquidation process is about to finish on July, 2021.

Note 15: Taipei Industry Corporation provided financing of NTD200,000 thousand to Green Energy Technology Inc. in April 2018, acquiring equivalent amount of machinery and equipment as collateral and created pledge on the collateral. The financing expired on December 25, 2018. However, Green Energy Technology Inc. failed to repay on time.

Green Energy Technology Inc. sent a letter to Taipei Industry Corporation, to propose adjustments to interest of financing provided and negotiation of repayment plans. After discussion by the board of directors of Taipei Industry Corporation, on April 19, 2019, the negotiation conditions were not accepted, Taipei Industry Corporation will continue to implement legal

collection procedures. The original value of collaterals amount was NTD289,673 thousand. Taipei Industry Corporation a motion for issuance of a payment order to the court on May 17, 2019. Taipei Industry Co., received the payment order on September 9, 2019. After the court issue a ruling upon

the application, the mortgaged property was executed according to the law on October 19, 2019. Green Energy Company was declared bankrupt by the Taipei District Court of Taiwan on February 21, 2020. Taipei Industry Corporation received the notice from Taiwan Taoyuan district court Civil Execution Department, the fair value of the collateral was NTD76,513 thousand.

Note 16: As Green Energy Technology Co., Ltd.'s provisional shareholders' meeting approved the liquidation proposal on August 30, 2019, it is no longer a related party of the Group.

## ATTACHMENT 2

## Endorsement/Guarantee provided to others

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

No. (Note 1)	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)
		Company name	Relationship (Note 2)										
0	Tatung Co., Ltd	Tatung Co. of Japan, Inc.	2	\$8,775,510	\$1,120,001 (Note 8)	\$469,710 (Note 8)	\$262,485 (Note 8)	\$-	1.34%	\$17,551,020	Y	N	N
		San Chih Semiconductor Co., Ltd.	2	8,775,510	84,000	55,500	55,500	55,500 (Note 9)	0.16%	17,551,020	Y	N	N
1	Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	2	6,980,032	80,000	-	-	-	-	13,960,063	N	N	N
		Tatung Co., Ltd	3	69,800,315	37,540,000	33,760,000	26,890,059	53,091,795	120.92%	69,800,315	N	Y	N
2	Tatung System Technologies Inc.	Chyun Huei Commercial Technologies Inc.	2	270,403	56,228	54,176	34,176	-	4.01%	676,007	N	N	N
3	Chyun Huei Commercial Technologies Inc.	Tatung System Technologies Inc.	3	27,007	8,000	-	-	-	-	67,518	N	N	N
4	Huaian Tatung Advanced Technology Materials Co., Ltd.	Tatung Fine Chemicals Co., Ltd.	3	57,891	45,402	-	-	-	-	57,891	N	N	N
5	Tatung Coatings (Kunshan) Co., Ltd.	Tatung Fine Chemicals Co., Ltd.	3	101,904	87,580	43,770	11,000	13,131	38.66%	101,904	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

- The Company is coded "0".
- The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

- An investee company that has a business relationship with Tatung Co., Ltd
- A investee in which Tatung holds directly and indirectly over 50% of voting shares.
- An investee in which Tatung and its subsidiaries directly and indirectly hold over 50% of voting shares.
- A investee in which Tatung holds directly and indirectly over 90% of voting shares.
- An investee that has provided guarantees to Tatung Co.,Ltd. and vice versa, due to contractual requirements.
- An investee in which Tatung conjunctly invests with other shareholders, and for which Tatung has provided endorsement/guarantee in proportion to its shareholding percentage.
- Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Individual endorsement or guarantee shall not exceed the net assets values from the latest financial statements or shall not exceed 20%-50% of the net assets values from the latest consolidated financial statements. However, no limits for the counter-party who is a company 100% directly or indirectly owned.

Total endorsement or guarantee for others shall not exceed 50% of the provider's net assets value. The Group total endorsement or guarantee for others shall not exceed 50% of the Company's net assets value.

Shan-Chih Asset Development Co: Endorsement or guarantee provided to the Company shall not exceed 250% of Shan-Chih Asset Development Co's net assets value in the prior year. Endorsement or guarantee provided to investees shall not exceed 50% of Shan-Chih Asset Development Co's net assets value.

Shan-Chih Asset Development Co. is a 100% owned subsidiary of Tatung Co., Ltd incorporated by the split-up of the parent company's real property according to Business Mergers And Acquisitions Act in 2003.

Hence, it's reasonable and necessary that Shan-Chih Asset Development Co's real properties are pledged as collateral for loans of Tatung Co., Ltd in the amount exceeding 50% of the Company's net assets value.

Note 4: The maximum amount of endorsement or guarantee provided to others for current year.

Note 5: Should be the amount approved by the board of directors, but should be the amount approved by the chairperson when he/she is authorized by the board of directors according to Article 12 (8) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Should enter actual amount receiving party provided within the limit amount of guarantee/endorsement.

Note 7: A company is coded "Y" when a subsidiary is endorsed by the listed parent company, or a listed parent company is endorsed by a subsidiary, or a company with an endorsement in Mainland China.

Note 8: Calculated based on the ending exchange rate.

Note 9: The Company provided guarantee to San Chih Semiconductor Co., Ltd. on Bank of Huanan and Bank of Taiwan, the guarantee period is about 6 months to 1 year, The company provide collateral as guarantee but not as a guarantor.

San Chih Semiconductor Co., Ltd. has repaid TWD 1 million to Bank of Huanan and 1.25 million to Bank of Taiwan in December 2020, therefore, The Company's endorsement is decreased total TWD 2.25 million.

## ATTACHMENT 3

Securities held for the year ended (Excluding subsidiary, associates and jointly controlled)

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

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares (in thousands)	Book value (Note 3)	Percentage of ownership (%)	Market value/ net assets value	
Tatung Co., Ltd	Stock—Taiwan Sugar Co.,Ltd	-	Financial assets at fair value through other comprehensive income, current	1,391	\$75	-	\$75	
	Stock—Taiwan Power Co.,Ltd	-	Financial assets at fair value through other comprehensive income, current	2,104	14	-	14	
	Stock—Tongya Telecommunication Industry Co., Ltd	-	Financial assets at fair value through other comprehensive income, current	19,800	40,268	9.90	40,268	
	Stock—Chung Hwa Trading Development Co.	-	Financial assets at fair value through other comprehensive income, current	49,984	500	0.08	500	
	Stock—Chi Yeh Chemical Co.	-	Financial assets at fair value through other comprehensive income, current	125,000	5,966	0.63	5,966	
	Stock—United Electric Industry Co.Ltd	-	Financial assets at fair value through other comprehensive income, current	1,712,676	15,705	2.77	15,705	
	Stock—Asia-Pacific Thechnology & Intellectual Property Services Inc.	-	Financial assets at fair value through other comprehensive income, current	140,000	-	-	-	
	Stock—Scientific Pharmaceutical Elite Co.Ltd	-	Financial assets at fair value through other comprehensive income, current	600,000	2,917	5.45	2,917	
	Stock—Taiwan Otis Elevator Co.	-	Financial assets at fair value through other comprehensive income, current	20,000	118,476	10.00	118,476	
	Stock—Taiwan Cogeneration Co.	-	Financial assets at fair value through other comprehensive income, current	3,654,920	141,446	0.62	141,446	
	Stock—Rechi Precision Co., Ltd	-	Financial assets at fair value through other comprehensive income, current	679,761	14,207	0.13	14,207	
	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,027,056	23,890	2.51	23,890	
	Stock— Taiwan Submarine Cable Co.,Ltd	-	Financial assets at fair value through other comprehensive income, non-current	30,000	300	6.67	300	
	Stock—Chih Yi Health Co.Ltd	-	Financial assets at fair value through other comprehensive income, non-current	200,000	2,000	20.00	2,000	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	19,723,865	-	4.54	-	
	Stock—VOLTAMP POWER SAOC	-	Financial assets at fair value through other comprehensive income, non-current	1,366,588	181,140	18.55	181,140	
Chih De Investment Co., Ltd.	Stock—Elite Semiconductor Memory Technology Inc.	-	Financial assets at fair value through profit or loss, current	2,000	129	-	129	
	Stock—Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through profit or loss, current	5,000	94	-	94	
	Stock—Walton Advanced Engineering Inc.	-	Financial assets at fair value through profit or loss, current	10,000	138	-	138	
	Stock—BenQ Materials Corporation	-	Financial assets at fair value through profit or loss, current	5,000	136	-	136	
	Stock—Nien Hsing Textile Co., Ltd	-	Financial assets at fair value through profit or loss, current	2,475	43	-	43	

## ATTACHMENT 3-1

Securities held for the year ended (Excluding subsidiary, associates and jointly controlled)

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

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending balance				Note
				Units (in thousands)/bonds/shares (in thousands)	Book value (Note 3)	Percentage of ownership (%)	Market value/net assets value	
San Chih Semiconductor Co., Ltd.	Stock—Crystal Applied Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	70,897	\$-	0.07	\$-	(Note6)
	Stock—Phecda Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,000,000	-	3.51	-	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	91,589,274	-	21.10	-	
Forward Electronics Co., Ltd.	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through profit or loss, current	400,000	19,620	0.53	19,620	
	Stock—Tatung Co., Ltd.	Parent-subsidiary	Financial assets at fair value through other comprehensive income, non-current	4,475,000	118,364	0.19	118,364	
Suzhou Forward Electronics Technology Co., Ltd.	Stock—Nanjing Global Display Technology Co., Ltd.	-	Financial assets at fair value through profit or loss, non-current	-	-	17.29	-	
Forward Electronics Co., Ltd.	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss, current	-	1,041,726 (RMB 238,000)	-	1,041,726 (RMB 238,000)	
	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss, current	-	4,377 (RMB 1,000)	-	4,377 (RMB 1,000)	
	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss, current	-	126,933 (RMB 29,000)	-	126,933 (RMB 29,000)	
Chih Sheng Investment Co., Ltd.	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,727,272	64,238	6.65	64,238	
	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	434,000	21,287	0.54	21,287	
	Stock—Tatung Atherton Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,000,000	50,749	10.00	50,749	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	33,960,610	-	7.83	-	
Chih Sheng Holding Co., Ltd.	Stock—Can Yang Investments Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,087,235	15,443	1.43	15,443	
Shan-Chih Asset Development Co.	Stock—Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	156,488	2,856	-	2,856	
	Stock—Cathay Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	42,997	1,817	-	1,817	
	Stock—Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	4,042	83	-	83	
	Stock—CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	747,636	14,728	-	14,728	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	13,253,936	-	3.05	-	
	Stock—Tatung System Technologies Inc.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	179	5	-	5	
	Stock—Chunghwa Electronics Investment Co., Ltd.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	562,355	257	0.18	257	
	Claim—Tatung InfoComm Co., Ltd.	-	Other financial assets, non-current	-	53,000	-	53,000	
Chih Sheng Realty Co., Ltd.	Stock—Chunghwa Picture Tubes, Ltd.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	141,871,033	-	2.19	-	
Shan Chih Investment Co., Ltd.	Stock—Tatung System Technologies Inc.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	567,472	15,066	0.64	15,066	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,278,173	-	0.29	-	
	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,027,056	24,198	2.51	24,198	
	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	3,868,008	189,726	4.83	189,726	
Tatung Company of Japan, Inc.	Stock—Fanuc Co.	-	Financial assets at fair value through other comprehensive income, non-current	1,000	7,007	-	7,007	
	Stock—Toyota Motor Co.	-	Financial assets at fair value through other comprehensive income, non-current	1,500	3,298	-	3,298	
	Stock—SONY Co.	-	Financial assets at fair value through other comprehensive income, non-current	4,400	12,504	-	12,504	
	Stock—Total 47 listed companies	-	Financial assets at fair value through other comprehensive income, non-current	98,844	58,996	-	58,996	

## ATTACHMENT 3-2

Securities held for the year ended (Excluding subsidiary, associates and jointly controlled)

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

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending balance				Note
				Units (in thousands)/bonds/shares (in thousands)	Book value (Note 3)	Percentage of ownership (%)	Market value/net assets value	
Chunghwa Electronics Investment Co., Ltd.	Stock—Tatung Co., Ltd.	Parent-subsidiary	Financial assets at fair value through other comprehensive income, non-current	586	\$16	-	\$16	(Note6)
	Stock—United Microelectronics Corporation	-	Financial assets at fair value through profit or loss, current	10,000	472	-	472	
	Stock - E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss, current	28,347	725	-	725	
	Stock—SAMPO INC.	-	Financial assets at fair value through profit or loss, current	11,000	286	-	286	
	Stock—First Financial Holding Co.,Ltd.	-	Financial assets at fair value through profit or loss, current	12,360	264	-	264	
	Stock—Delta Electronics, Inc.	-	Financial assets at fair value through profit or loss, current	3,000	789	-	789	
	Stock—Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss, current	3,000	62	-	62	
	Stock - Yuanta FTSE4Good TIP Taiwan ESG ETF	-	Financial assets at fair value through profit or loss, current	21,000	613	-	613	
	Fund—Yuanta/P-shares Taiwan Dividend Plus ETF	-	Financial assets at fair value through profit or loss, current	20,000	599	-	599	
Chunghwa Picture Tubes (Bermuda) Ltd.	Stock—Chunghwa Picture Tubes Technology (Group) Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	389,689,715	3,129,634	14.09	3,129,634	(Note4)(Note5)
	CPT TPV Optical (Fujian) Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	-	17,867	5.00	17,867	
Chunghwa Picture Tubes (Malaysia) Sdn.Bhd.	Mines Golf Resort Berhad	-	Financial assets at fair value through other comprehensive income, non-current	5,000,000	-	5.26	-	
Tatung Fine Chemicals Co., Ltd.	Stock—Hsieh Chih Industrial Library Publishing Co.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	1	-	0.03	-	
	Stock—Taiwan Smith Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	400,000	-	4.43	-	
Tatung Forestry and Construction Co.	Stock—HSIEH CHIH INDUSTRIAL LIBRARY PUBLISHING CO.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	14	140	0.40	140	
Goldmax Asia Pacific Ltd	Kornerstone Materials Technology Co. Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	-	64,891	3.35	64,891	
Tatung Management Consultant(Shanghai) Co., Ltd	Structured Deposit	-	Financial assets at fair value through other comprehensive income, non-current	1	240,735 (RMB 55,000)	-	240,735 (RMB 55,000)	
Taipei Industry Co.	Taishin Strategy Senior Total Return High Yield Bond Fund Acc USD A(A)(RR3)	-	Financial assets at fair value through profit or loss, current	-	2,037	-	2,037	

Note 1: Securities are stocks, bonds, beneficiary certificates and derivative securities of the aforementioned items within the scope of IFRS 9 *Financial Instruments*.

Note 2: Only related parties are required to disclose such information.

Note 3: For financial assets measured at fair value, the book value should be the fair value deducted by the carrying value of accumulated impairment loss. For financial assets not measured at fair value, the book value should be the original cost or amortized cost deducted by the carrying value of accumulated impairment loss.

Note 4: If securities are restricted because of being used as collaterals, being pledged or other reasons, such restriction should be disclosed. Please refer to Note 6 and Note 8 for more details.

Note 5: Shares of Chunghwa Picture Tubes Technology (Group) Co., Ltd. were measured by market price on December 31, 2020 with consideration of certain assumptions, such as liquidation discount rate. The liquidation discount rate was considered as the shares of CPTTG have been forzen by court since January 8, 2019.

Note 6: All transactions are eliminated in the consolidated financial statements.

## ATTACHMENT 4

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20 percent of the capital stock.

Buyer/seller	Type and name of securities (Note 1)	Financial statement account	Counter-party (Note 2)	Relationship (Note 2)	Beginning balance		Addition (Note 3)		Disposal (Note 3)				Ending balance		Note	
					Shares/units	Amount	Shares/units	Amount	Shares/units	Amount	Cost	Gain (Loss) from disposal	Shares/units	Amount		
Tatung Co., Ltd	Stock—Tatung Co. of Japan, Inc.	Investments accounted for under the equity method	Cash increase	Parent-subsidiary	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	
	Stock—Tatung Co. of Vietnam, Inc.	Held for sale, Non current	FancyHomes Investment(HongKong)Co.,Limited	-	-	270,831	-	-	-	621,500	235,280	386,220	-	-	(Note4)	
Chunghwa Picture Tubes (Bermuda) Ltd.	Chunghwa Picture Tubes Technology(Group) Co., Ltd.	Financial assets at fair value through other comprehensive income, non-current	-	-	701,649,121	5,653,976	-	-	311,959,406	2,491,783	2,610,741	(118,958)	389,689,715	3,129,634		

Note 1: Securities are stocks, bonds, beneficiary certificates and derivative securities of the aforementioned items within the scope of IFRS 9 *Financial Instruments*.

Note 2: Only securities accounted for using the equity method are required to disclose such information.

Note 3: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20 percent of the capital stock.

Note 4: The disposal of investment under contract price; Book value is reclassified as held for sale, non current, assets, liability and equity net value.



## ATTACHMENT 5

Related party transactions for purchases and sales amounts exceeding NT\$100 million or 20% of capital stock

Purchaser (seller)	Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance (Note 1)	Percentage of total receivables (payable)	
Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	Parent-subsiary	Sales	\$(2,786,381)	(17.56)	-	No significant difference	Note 7	\$1,768,641	49.29	
	Tatung Electric Company of America, Inc.	Parent-subsiary	Sales	(151,486)	(0.95)	-	"	"	4,701	0.13	
	Tatung Co. of Japan, Inc.	Parent-subsiary	Sales	(229,490)	(1.45)	-	"	"	32,262	0.90	
			Purchases	274,013	2.46	-	"	"	(51,097)	(1.72)	
	Tatung System Technologies Inc.	Parent-subsiary	Purchases	213,380	1.92	-	"	"	(141,806)	(4.76)	
	Gintung Energy Co.	Company in associates	Purchases	215,001	1.93	-	"	"	(4,451)	(0.15)	
	Elitegroup Computer Systems	Company in associates	Purchases	742,320	6.68	-	"	"	(247,979)	(8.32)	
	Tatung (Shanghai) Co.,Ltd	Parent-subsiary	Purchases	146,026	1.31	-	"	"	(20,043)	(0.67)	
	Tatung Forestry and Construction Co.	Parent-subsiary	Purchases	163,422	1.47	-	"	"	(8,967)	(0.30)	
	Tatung (Thailand) Co., Ltd.	Parent-subsiary	Purchases	451,828	4.06	-	"	"	(128,778)	(4.32)	
Tatung Information Technology (Jiangsu) Co., Ltd.	Parent-subsiary	Purchases	109,126	0.98	-	"	"	(36,440)	(1.22)		
Tatung Consumer Products (Taiwan) Co., Ltd.	Tatung Co., Ltd	Parent-subsiary	Purchases	2,817,617	69.00	90	"	"	(1,769,118)	(88.73)	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Parent-subsiary	Sales	(390,243)	(36.22)	60-120	"	"	241,420	42.00	
			Sales	(276,142)	(25.63)	60-120	"	"	213,738	37.19	
	Tatung Co., Ltd	Parent-subsiary	Sales	(379,227)	(35.20)	60-120	"	"	79,592	13.85	
			Purchases	202,514	99.40	60-120	"	"	(68,445)	(33.55)	
Tatung Co. of Japan, Inc.	Tatung Co., Ltd	Parent-subsiary	Sales	(281,330)	(40.80)	60	"	"	48,496	3.52	
			Purchases	243,597	39.94	60	"	"	(28,223)	(52.38)	
Tatung (Shanghai) Co.,Ltd	Tatung Co., Ltd	Parent-subsiary	Sales	(146,481)	(32.76)	60	"	"	27,602	12.83	
	Tatung CHIH-SHENG Enterprise Management CONSULTING(Shanghai) Co., Ltd.	Company in associates	Purchases	121,225	38.40	90	"	"	(70,173)	(33.68)	
Tatung Forestry and Construction Co.	Tatung Co., Ltd	Parent-subsiary	Sales	(163,422)	(96.43)	Based on contract	"	"	9,005	100.00	
Tatung Thailand Co.,Ltd	Tatung Co., Ltd	Parent-subsiary	Sales	(475,594)	(56.52)	60	"	"	130,141	89.74	
Tatung Electric Company of America, Inc.	Tatung Co., Ltd	Parent-subsiary	Purchases	150,933	87.76	120	"	"	(4,746)	(92.89)	
Tatung System Technologies Inc.	Tatung Co., Ltd	Parent-subsiary	Purchases	(233,802)	(6.50)	30-90	"	"	36,388	7.13	
Shan-Chih Asset Development Co.	Tatung Co., Ltd	Parent-subsiary	Sales	(228,743)	(4.21)	-	"	"	5	0.01	
Tatung Information Technology (Jiangsu) Co., Ltd.	Tatung Co., Ltd	Parent-subsiary	Sales	(106,132)	(84.55)	-	"	"	42,166	65.76	

Note 1: The transactions among the consolidated entities were written-off in the consolidated financial statements.

## ATTACHMENT 6

Receivables from related parties with amounts exceeding NT\$100 million or 20% of capital stock.

Company recorded as receivable	Related party	Relationship	Ending balance (Note 1)	Turnover rate	Overdue receivables		Amount received in subsequent period	Loss allowance	Note
					Amount	Collection status			
Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	Parent-subsiary	\$1,770,146	1.67	\$777,410		\$-	\$-	Note3
	Tatung Information Technology (Jiangsu) Co., Ltd.	Parent-subsiary	475,675	-	474,458	Debt Collection	-	-	Note4
	Shan-Chih Asset Development Co.	Parent-subsiary	231,281	-	-		-	-	
	Chunghwa Picture Tubes, Ltd.	Parent-subsiary	2,202,168	-	2,188,579	Part of receivable , which amounted NTD 2,032,730 thousand has received the finalized ruling of orders by the court, furthermore, The Company has apply the compulsory enforcement to the Taiwan Taoyuan district court.	-	1,948	Note2
Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd.	Company in associates	1,421,284	-	1,297,180	Tatung Co. of Japan, Inc. has given numerous notice to Chunghwa Picture Tubes, Ltd. for its claim of accounts receivable and accrued expenses as of December 31, 2020. Since April 2019, Tatung Co. of Japan, Inc. has applied to court for ruling of orders of payments for the amounts as of June 30, 2020, and received approval of payments order Tatung co. of Japan continue to apply for the remaining payments as of December 31, 2020 by the court.	-	-	
Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Parent-subsiary	838,909	-	838,909		-	-	
Chunghwa Picture Tubes (Bermuda) Ltd.	CPTF Optronics (Shen-Zhen) Co., Ltd.	Parent-subsiary	1,603,953	-	1,603,953		-	-	
Chunghwa Picture Tubes (Malaysia) Sdn.Bhd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Parent-subsiary	5,242,157	-	5,242,157		-	-	
CPTF Optronics (Shen-Zhen) Co., Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Parent-subsiary	1,615,503	-	1,615,503		-	-	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Parent-subsiary	241,420	0.97	-		-	-	
	Shang Shin Energy Co., Ltd.	Company in associates	213,738	2.30	-		-	-	
Tatung (Thailand) Co., Ltd.	Tatung Co., Ltd	Parent-subsiary	130,141	-	-		-	-	

Note 1: All transactions are eliminated in the consolidated financial statements. The ending balance included account receivable-related parties, other receivables- related parties, long-term receivable-related parties and long-term finance lease receivable-related parties.

Note 2: The nature of long-term receivable-Chunghwa Picture Tubes, Ltd. was financing provided. It was disclosed in Attachment 1.

Note 3: The overdue payment, exceeding the normal credit period for more than three months was amounted to TWD202,220 thousand, TATUNG CONSUMER PRODUCTS ( TAIWAN ) CO., LTD. repaid in accordance with payment plan.

The Company has followed the regulations of the competent authority to report the transaction to the board of directors, and approved that the transaction is not Financing provided to others.

Note 4: The Company has followed the regulations of the competent authority to report the transaction to the board of directors, and the board of directors has agreed that the transaction is not Financing provided to others.

ATTACHMENT 7 :Engaging in derivative transactions

Tatung Compressors (ZHONGSHAN) Co., Ltd.

Forward exchange contracts

Forward foreign exchange contracts to manage exposure part partial transactions, but not designated as hedging instruments:

<u>Item</u>	<u>Contract amount</u>	<u>Period</u>
<u>December 31, 2020</u>		
Forward foreign exchange contract	Sell USD1,050 thousand	January 2021-March 2021

December 31, 2019

There was no unsettled exchange forward in 2019

The counterparties of the aforementioned derivative transactions are reputable financial institutions with satisfactory credit ratings; hence, credit risk is relatively low.

The forward foreign exchange contracts aim at hedging exchange rate risk of net assets or net liabilities with cash inflows or outflows upon maturity. The Company also has sufficient working capital, and therefore there's no significant cash flow risk.

## ATTACHMENT 8

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd.	Taoyuan City, Taiwan	Manufacture, research and sale of picture tubes and TFT-LCD products	\$6,992,774	\$6,992,774	1,850,745,168	28.56	\$(7,645,543)	\$(6,529,631)	\$(1,865,227)	
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	Manufacture and sales of semiconductors and chips	955,176	920,981	5,915,137	61.75	70,900	(44,281)	(27,458)	(Note 2)
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	Manufacture and sales of backlight modules, variable resistors, encoders, wireless devices, LED lighting	314,095	314,095	18,955,623	12.05	176,855	(80,091)	(12,806)	
	Tatung System Technologies Inc.	Taipei City, Taiwan	Software and hardware service and system integration	247,655	247,655	37,819,027	42.70	564,290	145,494	62,313	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products	392,316	392,316	37,458,319	48.27	45,736	(14,882)	(7,280)	
	Chih Sheng Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,500,000	1,500,000	150,000,000	100.00	21,884	(28,264)	(28,042)	
	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	2,119,350	2,119,350	77,627,119	95.83	394,355	(33,693)	(31,347)	
	Chunghwa Electronics Development Co., Ltd.	Taipei City, Taiwan	Investment holding	2,567,447	2,567,447	297,626,267	94.01	(1,865,682)	(587,949)	(554,406)	
	Shan-Chih Asset Development Co.	Taipei City, Taiwan	The development and leasing of real estate	14,840,192	14,840,192	5,220,064	100.00	46,274,788	2,818,950	2,672,500	
	Taiwan Telecommunication Industry Co., Ltd.	Taipei City, Taiwan	Telecommunication devices.	2,462,471	2,462,471	675,000	100.00	(854,961)	(377)	(377)	
	Tatung Information (Singapore) Pte. Ltd.	Singapore	Investment holding	1,625,465	1,625,465	86,049,842	100.00	46,554	16,182	14,989	
	Tatung Electric (Singapore) Pte. Ltd.	Singapore	Investment holding	676,331	676,331	33,098,675	100.00	587,141	(182,122)	(158,865)	
	Tatung Mexico S.A de C.V.	Mexico	Manufacture of electronic products	-	503,289	-	-	-	(5,798)	(5,798)	(Note 3)
	Tatung Co. of Japan, Inc.	Japan	Sales and purchase of electronic parts, home appliances and IT products	1,088,673	531,373	31,000	100.00	2,015,605	136,098	136,099	
	Tatung Electronics (S) Pte. Ltd.	Singapore	Purchases, sales and services of raw material	48,276	48,276	3,600,000	90.00	81,336	3,694	3,324	
	Tatung (Thailand) Co., Ltd.	Thailand	Manufacturing and sales of IT products, home appliances and AI meter	1,028,445	974,283	110,999,998	99.99	580,978	25,725	26,189	
	Tatung Consumer Products (Taiwan) Co., Ltd.	Taipei City, Taiwan	Sales of home appliances	1,145,500	1,145,500	49,650,000	99.10	(1,230,117)	39,876	39,541	
	Toes Opto-Mechatronics Co.	Taipei City, Taiwan	The manufacturing of various automatic equipment	185,000	170,000	18,500,000	86.05	5,585	(37,324)	(32,321)	
	Tatung SM-Cycle Co.	New Taipei City, Taiwan	Manufacture of speed reducers, speed aviators	244,277	244,277	3,675,000	49.00	245,782	39,809	19,507	
	Tatung Die Casting Co.	New Taipei City, Taiwan	Manufacturing and sales of casting mold	7,880	7,880	153,000	51.00	69,500	26,897	13,697	
	Tatung Medical Healthcare Technologies Co., Ltd.	Taipei City, Taiwan	Design and sales of medical instruments	431,272	432,172	36,424,239	95.85	212,917	8,310	7,810	
	Central Research Technology Co.	Taipei City, Taiwan	EMCIRF testing and certification services	120,000	120,000	6,612,155	100.00	32,826	(8,348)	(8,395)	
	TATUNG CZECH s.r.o	Czech Republic	Sales of AI meters and energy saving products in the EU	342,448	342,448	-	100.00	4,344	(2,699)	(2,699)	
	Absolute Alpha Limited	British Virgin Islands	Investment holding	3,190	3,190	50,000	100.00	20,450	(75)	(75)	
	Tatung Co. of America Inc.	U.S.A.	The sale and servicing of IT and household electronics products in the US	-	45,115	-	-	-	(45,781)	(22,597)	(Note 4)
	Tatung Electric Company of America, Inc.	U.S.A.	Sales and service of motors	121,184	121,184	1,000,000	100.00	145,181	(414)	(414)	
	Tatung Science and Technology, Inc.	U.S.A.	The sale and purchase of IT products	-	632,934	-	-	-	5	5	(Note 5)
	Elitegroup Computer Systems Co., Ltd.	Taipei City, Taiwan	The manufacturing, design and sales of IT products	5,007,151	5,007,151	152,475,397	27.35	3,602,542	61,590	16,848	
	Tatung Okuma Co., Ltd.	Taipei City, Taiwan	Sales and production of working machine	49,000	49,000	8,428,000	49.00	1,404,817	71,313	34,943	
	Kuender Co., Ltd.	Taipei City, Taiwan	Conversion of plastic module	26,500	26,500	9,136,000	50.00	64,455	2,583	1,295	
	Hsieh-Chih Industrial Library Publishing Co.	Taipei City, Taiwan	The publishing and sales of Hsieh Chih Industrial Library	2,420	2,420	242	6.91	974	168	(8)	
	Chung-Tai Technology Development Engineering Co.	New Taipei City, Taiwan	Construction of telecom cable	88,000	88,000	2,200,000	22.00	11,112	(4,605)	(1,013)	
	Tatung Forever Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	1,611,562	1,585,583	160,000,000	100.00	1,524,215	1,896	1,746	
	Taipei Industry Corporation	Taipei City, Taiwan	Production and sales of mixing concrete	19	19	69	0.00	74	(6,503)	-	
	LEAP HIGH LTD	Samoa	Investment holding	-	12,498	-	-	-	-	-	(Note 6)
	Tungyang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	450,000	400,000	45,000,000	100.00	447,846	(2,182)	(2,182)	
	Shang Shin Energy Co., Ltd.	Tainan City, Taiwan	Solar energy related business	190,100	90,100	19,010,000	100.00	190,719	1,004	1,004	
	Chih Kuang Energy Co., Ltd.	Tainan City, Taiwan	Solar energy related business	650,000	400,000	65,000,000	100.00	645,505	(2,670)	(2,670)	
	Ting Xin Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	30,100	30,100	3,010,000	100.00	28,838	(1,220)	(1,220)	
	Zhi Shin Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	40,000	40,000	4,000,000	100.00	38,829	(1,047)	(1,047)	
	Yao Yang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	5,000	5,000	500,000	100.00	4,064	(873)	(873)	
	Tung Guang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	100	-	10,000	100.00	72	(28)	(28)	
	Tung Shin Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	1,000	-	100,000	100.00	972	(28)	(28)	
	Chuang Shih Neng Co., Ltd.	Taipei City, Taiwan	Solar energy related business	1,000	-	100,000	100.00	972	(28)	(28)	
	Lansong International Co., Ltd.	Cambodia	Forestry	1,271,592	1,271,592	-	98.33	-	-	-	
	Tatung Netherlands B.V.	Netherlands	The sales of digital products	178,579	178,579	11,030	100.00	(145,958)	-	-	

## ATTACHMENT 8-1

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Forward Electronics Co., Ltd. ("FD")	Forward Development Co., Ltd.	British Virgin Islands	Investment holding	\$640,997	\$640,997	-	100.00	\$1,370,422	\$33,327	\$33,329	(Note 7)
	Gintung Energy Co., Ltd.	Taoyuan City, Taiwan	The manufacturing and sale of solar module and related component	355,296	355,296	5,398,269	14.59	-	12,637	-	(Note 8)
San Chih Semiconductor Co., Ltd.	GREATER POWER LIMITED	Hong Kong	Investment holding	446,482	446,482	13,760,000	100.00	-	-	-	
	Chih De Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,000	1,000	100,000	100.00	1,096	84	84	
Tatung System Technologies Inc.	Chyun Huei Business Technology Inc.	Taipei City, Taiwan	Information software service	42,740	42,740	9,200,000	100.00	135,035	26,282	26,282	
	Tisnet Technology Inc.	Taipei City, Taiwan	Software design and development	62,590	62,590	5,850,000	100.00	65,089	4,790	4,790	
	I Torch Technology Co., Ltd.	Taitung City, Taiwan	The computer package software, equipment management and information technology consultant	5,000	5,000	500,000	20.00	4,565	(394)	(79)	
Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Bermuda	Investment holding	3,779,727	3,779,727	131,900,000	100.00	4,808,383	(1,079,214)	(1,079,214)	
Chunghwa Picture Tubes (Bermuda) Ltd.	Goldmax Asia Pacific Ltd.	Hong Kong	Investment holding	18,636	18,636	601,303	4.75	18,636	(619)	(29)	
Tatung Fine Chemicals Co., Ltd.	Shang Chih International Chemical Industry Co., Ltd.	British Virgin Islands	Investment holding	84,647	84,647	-	100.00	64,196	(1,537)	(1,537)	
Shan-Chih Asset Development Co.	Tatung Forestry and Construction Co.	Taipei City, Taiwan	The design and construction of structural engineering	221,405	221,405	22,198,040	99.77	272,637	(170)	(170)	
	Taipei Industry Corporation	Taipei City, Taiwan	Production and sales of mixing concrete	1,058,450	1,058,450	1,362,055	50.61	1,682,844	(6,503)	(3,291)	
	Shan-Chih Asset International Holding Corp.	Samoa	Investment holding	2,261,982	2,261,982	72,900,000	100.00	804,135	(55)	(55)	
	Chih Sheng Realty Co., Ltd.	Taipei City, Taiwan	Realty management	852,950	592,950	57,804,691	100.00	520,112	2,934	2,934	
	Hsieh-Chih Industrial Library Publishing Co.	Taipei City, Taiwan	Publishing and sales	9,960	9,960	3,201	91.46	12,926	211	212	
Shan-chih Asset International Holding Co.	San-Chih Asset International(Hong Kong) Holding.,Ltd.	Hong Kong	Investment holding	1,200,480	1,200,480	40,000,000	100.00	571,884	35,003	35,003	
Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co., Ltd.	Taipei City, Taiwan	Produce, food and groceries retail	-	12,000	12,000,000	52.17	-	-	(12,414)	(Note 11)
	Chunghwa Electronics Development Co., Ltd.	Taipei City, Taiwan	Investment holding	181,800	181,800	18,384,477	5.81	(115,297)	(587,949)	(34,160)	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products	57,044	57,044	3,796,537	4.89	5,561	(14,882)	(728)	
	Chih Sheng Investment (BVI) Co., Ltd.	British Virgin Islands	Investment holding	508,337	508,337	16,862,590	100.00	(30,765)	6,787	6,787	
Chih Sheng Investment (BVI) Co., Ltd.	Chih Sheng Holding Co., Ltd.	British Virgin Islands	Investment holding	542,219	542,219	16,812,590	100.00	(31,102)	6,870	6,870	

## ATTACHMENT 8-2

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Chih Sheng Holding Co., Ltd	Chih Sheng Holding HK Limited	Hong Kong	Investment holding	\$200,111	\$200,111	6,205,310	100.00	\$(78,331)	\$7,269	\$7,269	
	Goldmax Asia Pacific Ltd.	Hong Kong	Investment holding	193,500	193,500	6,000,000	46.51	30,974	(619)	(288)	
Chunghwa Electronics Development Co., Ltd.	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Manufacturing & Investment holding	92,918	92,918	3,376,213	4.17	17,412	(33,693)	(1,404)	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	The manufacturing and sale of electronics	36,550	36,550	10,114,750	6.43	98,684	(80,091)	1,588	
	Chunghwa Picture Tubes, Ltd.	Taoyuan City, Taiwan	Manufacture, research and sale of picture tubes and TFT-LCD products	3,977,935	3,977,935	577,821,932	8.92	(2,115,396)	(6,529,631)	(582,297)	
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	Manufacture and sales of semiconductors and chips	296,479	296,479	803,382	8.39	9,629	(44,281)	(4,019)	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products	17,338	17,338	1,138,960	1.47	1,669	(14,882)	(218)	
Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Taoyuan City, Taiwan	The manufacturing and sale of solar module and related component	28,600	28,600	438,600	1.18	-	12,637	-	
Shan Chih Investment Co., Ltd.	Shan-Chih International Holding Co.	Samoa	Investment holding	247,118	247,118	7,500,000	100.00	173,701	(26,554)	(26,554)	
Tatung Medical Healthcare Technologies Co., Ltd.	Cloud Care Technologies Co., Ltd.	Taipei City, Taiwan	Service of information software	1,600	1,600	160,000	40.00	2,100	259	104	
	Tatung Medical&Healthcare Technologies Inc.	Samoa	Investment holding	-	-	100,000	100.00	-	-	-	(Note 12)
	Insured Pharmaceuticals Co., Ltd.	Taipei City, Taiwan	Pharmaceuticals and warehousing and transportation service	35,000	35,000	3,500,000	100.00	28,559	(1,391)	(1,391)	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	-	1,200,000	-	-	-	59,058	59,058	(Note 9)
Absolute Alpha Limited	Tatung Information Technologies Corp.	U.S.A	The sale of electronic products	1,595	1,595	50,000	100.00	19,441	(50)	(50)	
Tatung Information (Singapore) Pte. Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	-	13,133	-	-	-	(2,054)	(2,054)	(Note 10)
	Tatung Myanmar JV Holding Co., Ltd.	British Virgin Islands	Investment holding	4,841	4,841	150,000	100.00	2,373	390	390	
Tatung Myanmar JV Holding Co., Ltd.	LIN HTET LIN Co., Ltd.	Myanmar	Solar energy related business	4,841	4,841	73,500	49.00	2,548	726	390	
Tatung (Thailand) Co., Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	-	-	-	-	-	(2,054)	-	(Note 10)

Note 1: The transactions among the consolidated entities were written off in the consolidated financial statements.

Note 2: San Chih Semiconductor Co., Ltd. resolved at its board meeting on May 14, 2020 to file capital reduction to write off accumulated losses, capital share deducted TWD 1,098,175 thousand and 109,817,480 shares, 95% of share get reduced.

The Company reduced shareholding 62,682,166 shares. San Chih Semiconductor Co., Ltd. file capital injection 3,800,000 shares in June, 2020. The Company purchase 3,419,458 shares, holding percentage increased to 70.14%.

Note 3: The company signed an equity sale contract to sell the entire equity of Tatung (Mexico) Co. (including all equity of its subsidiaries TMX Logistics, Inc. and TMX Technologies Inc.) in the first quarter of 2020.

The assets and liabilities of Tatung (Mexico) Co was journalize in non-current held for sale under IFRS 5, and the equity transfer was completed in the third quarter of the 2020, resulting a gain of 1,226 thousand.

As of December 31, 2019, due to local administrative procedures are still in progress, the procedures cannot be recovered until the changes are completed, the remaining US\$600 thousand are listed under other receivables.

Note 4: TATUNG CO. OF AMERICA, INC. (refer to "TUS") apply for reorganization to U.S Court on September, 2019. After the third-party purchase the 100% creditor's right of TUS on December, 2020. The Company lose the control of TUS and exclude from consolidated financial report.

Note 5: Tatung System Technologies Inc. completed the liquidation procedures in November, 2020.

Note 6: Leap high completed cancellation of registration on September 17, 2020 and then decreasing holding percentage ratio from 65% to 0%.

Note 7: Including equipment priced as investment of TWD75,115 thousand (USD2,282 thousand).

Note 8: The equity attributable to shareholders of Gintung Energy Co., Ltd. was negative, thus, the Company did not recognized investment loss and the ending balance of investments accounted for under the equity method was zero.

Note 9: Tatung Forever Energy signed an equity sale contract to sell the entire equity of its subsidiaries Sheng Yang Energy Co., Ltd. to Global Renewable Power 1 Co., Ltd. on fourth quarter 2020, the total trading price is TWD 15 million. The assets and liabilities of Sheng Yang Energy Co., Ltd. was reclassified as in non-current held for sale under IFRS 5.

Note 10: Myanmar Tatung Co., Ltd. has completed cancellation of registration, which decreasing the holding percentage ratio from 100% to 0%.

Note 11: HEDA Biotechnology Co., Ltd. resolved at its board meeting on December 21, 2020 to file liquidation procedure. Company dissolution is started from December 31, 2020, liquidator takes office on December 31, 2020. The Company lose control on the day.

Note 12: Tatung Medical & Healthcare Technologies Inc. completed the liquidation procedure in the fourth quarter of 2020.

Note 13: The Non-public issuing company is accordance under IFRS.

## ATTACHMENT 9

## Investment in Mainland China

Investor company (Note 7)	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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2 and 4)	Carrying Value as of December 31, 2019 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2019
						Outflow	Inflow						
Tatung Electric (Singapore) Pte. Ltd.	Tatung (Shanghai) Co., Ltd	Manufacture and sales of AC motor, DC motors, AC generators, diesel engine generators, variable speed motors, inverters and PLCs, transformers, switchboards	\$669,280	(2)	\$583,840	\$-	\$-	\$583,840	(\$182,122)	87.23%	(\$158,865)	\$587,141	\$-
			USD 23,500	(Note6)	USD 20,500			USD 20,500		(2) B.			
Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Produce and sales of appliances and electronic production	878,893	(2)	723,392	-	-	723,392	34,150	78.40%	26,772	(289,923)	-
			USD 30,860	(Note6)	USD 25,400			USD 25,400		(2) C.			
Forward Development Co., Ltd	Tatung Compressors (ZHONGSHAN) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	324,387	(2)	259,168	-	-	259,168	(12,681)	79.89%	(10,131)	291,522	-
			USD 11,390	(Note6)	USD 9,100			USD 9,100		(2) B.			
Forward Development Co., Ltd	Forward Electronics Equipment (Dong Guan) Co., Ltd	Manufacture and sales of tuner, keyboard, mouse, remote controller, switch, socket, potentiometer and gaming mouse	131,008	(2)	122,788	-	-	122,788	9,108	100.00%	9,108	161,687	23,183
			USD 4,600	(Note5)						(2) B.			
Suzhou Forward Electronics Technology Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	The manufacturing and sale of backlight unit for TFT-LCD, driving board, tuner, keyboard, mouse, switch, socket and connector	774,656	(2)	145,175	-	-	145,175	24,237	100.00%	24,237	1,207,684	239,830
			USD 27,200	(Note5)						(2) B.			
Suzhou Forward Electronics Technology Co., Ltd.	Ufeco (Wujiang) Technology Inc	The manufacturing and sale of light-emitting diode	71,949	(3)	-	-	-	152	40.00%	6,582	-	-	-
			RMB 16,438						(2) B.	(Note13)			
Tatung System Technologies Inc.	TSTI Technologies (Shanghai) Co., Ltd.	Information software service	144,888	(1)	136,308	1,096	-	137,404	993	100.00%	1,184	10,343	-
			RMB 30,000		USD 4,569	USD 37		USD 4,606	RMB 232	(2) B.			
Tatung Fine Chemicals Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sales of industry coating and electro-deposition coating.	122,437	(1)	33,156	-	-	33,156	(17,132)	82.35%	(14,108)	90,910	79,288
			USD 4,067	(Note10)	USD 1,060			USD 1,060		(2) B.			
Shang Chih International Chemical Industry Co., Ltd.	Huaian Tatung Advanced Technology Materials Co., Ltd.	The manufacturing and sales of positive material of lithium battery, printer ink, electro-deposition high performance coating.	162,249	(1)	147,987	-	-	147,987	1,371	100.00%	1,371	64,322	-
			USD 5,000	(Note11)	USD 4,550			USD 4,550		(2) B.			
Shang Chih International Chemical Industry Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Wholesale of painting, coating and chemical products	32,236	(2)	32,236	-	-	32,236	1,511	100%	1,511	50,220	21,844
			USD 1,000	(Note9)	USD 1,000			USD 1,000		(2) B.			
Chunghwa Picture Tubes, Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sales of industry coating and electro-deposition coating.	122,437	(1)	52,411	-	-	52,411	(17,132)	17.65%	(3,024)	19,485	-
			USD 4,067	(Note9)	USD 1,600			USD 1,600		(2) B.			
Chunghwa Picture Tubes, Ltd.	CPTF Optronics (Shen-Zhen) Co., Ltd.	Market research service	8,754	(3)	-	-	-	(1,732)	100%	(1,732)	(9,497)	-	
			RMB 2,000	(Note12)					(2) B.				
Shan-Chih Asset International Holding	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	256,608	(2)	256,608	-	-	256,608	6,104	100%	6,104	223,732	-
			USD 8,000	(Note6)	USD 8,000			USD 8,000		(2) C.			

## ATTACHMENT 9-1

## Investment in Mainland China

Investor company (Note 7)	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, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2 and 4)	Carrying Value as of December 31, 2019 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2019
						Outflow	Inflow						
Chih Sheng Holding HK Limited	Tatung Information Technology (Jiangsu) Co., Ltd.	Produce and sales of appliances and electronic production	\$878,893 USD 30,860	(2) (Note6)	\$155,501 USD 5,460	\$-	\$-	\$155,501 USD 5,460	\$34,150	21.60%	\$7,378 (2) C.	(\$79,900)	-
Shan-Chih International Holding Co.	Tatung (Shanghai) Co.,Ltd	The manufacturing and sales of AC motor, DC motors, AC generators, diesel engine generators, variablespeed motors, inverters and PLCs, transformers, switchboards	RMB 669,280 USD 23,500	(2) (Note6)	85,440 USD 3,000	-	-	85,440 USD 3,000	(182,122)	12.77%	(23,211) (2) B.	64,914	-
	Tatung Compressors (ZHONGSHAN) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	324,387 USD 11,390	(2) (Note6)	65,219 USD 2,290	-	-	65,219 USD 2,290	(12,681)	20.11%	(2,550) (2) B.	85,458	-
Tatung (Shanghai) Co.,Ltd	Tatung Cranes (Shanghai) Co., Ltd	The manufacturing and sales of cranes	40,916 RMB 9,348	(2) (Note6)	-	-	-	-	- RMB 0	45.00%	- (2) B.	13,992 RMB 3,197	-
	Tatung Xinji (Guangdong) Technology Co., Ltd.	Electrical engineering system installation service	8,754 RMB 2,000	(2) (Note6)	-	-	-	-	(6,408) RMB(1,464)	100%	(6,408) RMB(1,464) (2) B.	2,606 RMB 595	-
Accumulated Investment in Mainland China December 31,2020			Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment ((Note 8)								
\$2,800,325			\$5,631,456		\$21,061,224								

Note 1: The methods for engaging in investment in Mainland China include the following:

- (1) Direct investment in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in a third region. (Please specify the name of the company in third region).
- (3) Reinvested by the surplus from a mainland company established through a third region.
- (4) Other methods

Note 2: The investment income (loss) recognized in current period:

- (1) Please specify if no investment income (loss) has been recognized as still in the preparation stage.
- (2) The investment income (loss) were determined based on the following:
  - A. The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
  - B. The financial statements certificated by the CPA of the parent company in Taiwan.
  - C. Others.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date.

US dollars exchange rate on December 31, 2020: 28.4800

RMB exchange rate on December 31, 2020: 4.3770

Note 4: The transactions among the consolidated entities were eliminated in the consolidated financial statements.

Note 5: Reinvested through Forward Development Co., Ltd. by remitting the investment funding and equipment investment.

Note 6: Refer to the investment company name column for third region investment companies.

Note 7: Refer to Attachment 8 for investment percentages in all investees of the Company.

Note 8: Calculated by the net worth of the consolidated financial statement of the Company.

Note 9: Tatung Fine Chemicals Co., Ltd. invested in subsidiaries in China through its subsidiary Shang Chih International Chemical Industry Co., Ltd.

Note 10: Including stock dividend of USD1,267 thousand, equipments investment of USD140 thousand and increase in paid in capital of USD1,600 thousand due to the merger of Wujiang Shanghua Material Technology Co., Ltd and Tatung Coatings (Kunshan) Co., Ltd.

Note 11: Total amount of paid-in capital included cash capital increase of USD450 thousand and Huaian Tatung Advanced Technology Materials Co., Ltd.

Note 12: Chungghwa Picture Tubes, Ltd. Invested in subsidiaries in China through its subsidiary: Chungghwa Picture Tubes (Bermuda) Ltd.

Note 13: UFECO Technology Inc in under liquidation, disposal of the asset and liability, which turn around inventory loss TWD 16,255 thousand(RMB 3,809 thousand), and recognize loss and gain based on sharholding ratio.



## ATTACHMENT 10

## Intercompany Relationships and Significant Intercompany Transactions

Individual transaction amounts less than \$100 million will not be disclosed; instead they will be disclosed as other assets or liabilities and income or expense, while the relative transactions will not be disclosed

Number (Note 1)	Company Name	Counter Party	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Sales	\$2,786,381	Note 7	8.81%
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Accounts receivable	1,770,146	-	1.60%
0	Tatung Co., Ltd	Tatung Electric Company of America, Inc.	1	Sales	151,486	Note 7	0.48%
0	Tatung Co., Ltd	Tatung Co. of Japan, Inc.	1	Sales	229,490	Note 7	0.73%
0	Tatung Co., Ltd	Tatung Co. of Japan, Inc.	1	Purchases	274,013	Note 7	0.87%
0	Tatung Co., Ltd	Tatung System Technologies Inc.	1	Purchases	213,380	Note 7	0.67%
0	Tatung Co., Ltd	Tatung (Shanghai) Co.,Ltd	1	Purchases	146,026	Note 7	0.46%
0	Tatung Co., Ltd	Tatung Forestry and Construction Co.	1	Purchases	163,422	Note 7	0.52%
0	Tatung Co., Ltd	Tatung (Thailand) Co., Ltd.	1	Purchases	451,828	Note 7	1.43%
0	Tatung Co., Ltd	Tatung Information Technology (Jiangsu) Co., Ltd.	1	Purchases	109,126	Note 7	0.34%
0	Tatung Co., Ltd	Tatung Information Technology (Jiangsu) Co., Ltd.	1	Accounts receivable	475,675	-	0.43%
0	Tatung Co., Ltd	Shan-Chih Asset Development Co.	1	Accounts receivable	231,281	-	0.21%
0	Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd. and its subsidiaries	1	Accounts receivable	2,202,168	-	1.99%
1	Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd. and its subsidiaries	3	Accounts receivable	1,421,284	-	1.29%
2	Tatung Forever Energy Co., Ltd.	Tatung Co., Ltd	2	Sales	379,227	Note 7	1.20%
2	Tatung Forever Energy Co., Ltd.	Tatung Co., Ltd	2	Purchases	202,514	Note 7	0.64%
2	Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	3	Sales	390,243	Note 7	1.23%
2	Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	3	Accounts receivable	241,420	-	0.22%
2	Tatung Forever Energy Co., Ltd.	SHANG XIN ENERGY CO., LTD.	3	Sales	276,142	Note 7	0.87%
2	Tatung Forever Energy Co., Ltd.	SHANG XIN ENERGY CO., LTD.	3	Accounts receivable	213,738	-	0.19%
3	Shan-Chih Asset Development Co.	Tatung Co., Ltd	2	Sales	228,743	Note 7	0.72%
4	Tatung (Shanghai) Co.,Ltd	Tatung CHIH-SHENG Enterprise Management CONSULTING(Shanghai) Co., Ltd.	3	Purchases	121,225	Note 7	0.38%
5	Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	3	Accounts receivable	838,909	-	0.76%
6	Chunghwa Picture Tubes (Bermuda) Ltd.	CPTF Optronics (Shen-Zhen) Co., Ltd.	3	Accounts receivable	1,603,953	-	1.45%
7	Chunghwa Picture Tubes (Malaysia) Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	3	Accounts receivable	5,242,157	-	4.74%
8	CPTF Optronics (Shen-Zhen) Co., Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	3	Accounts receivable	1,615,503	-	1.46%

Note 1: The Company and its subsidiaries are coded as follows:

1 The Company is coded "0".

2 Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1 Parent company to subsidiary

2 Subsidiary to parent company

3 Subsidiary to subsidiary

Note 3: When calculating the percentage of transaction amount to the consolidated revenues or the consolidated assets: Items of the balance sheets are calculated as its ending balance to total consolidated assets; items of income statement are calculated by its cumulative balance to the total consolidated income.

Note 4: Account Receivable includes: account receivable- related parties, other receivable- related parties(Non current included), operating leases receivable- related parties, and financing leases receivable- related parties.

Tatung Co.,Ltd Financial Statement

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

ATTACHMENT 11

Information on Major Shareholders

Shareholders	Shares	Number of shares held	Shareholding ratio
Qunyi Jinding Securities Co., Ltd. is entrusted with custody of Qunyi Securities (Hong Kong) Co., Ltd. client Qunyi Securities Custody Co., Ltd. investment account		172,482,000	7.37%
Foundation of Tatung University		144,798,047	6.18%
Rowda Capital Co		143,681,236	6.14%

Note 1 : The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2 : If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website

Note 3 : The Major shareholder is provided by e Taiwan Depository & Clearing Corporation.

The contents of statement of major accounting items	
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The details of cash and cash equivalents	1
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The details of financial assets at amortised cost, current	4
The details of contract assets	5
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The details of other receivables and long-term receivables	8
The details of inventories	9
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The details of financial assets at fair value through other comprehensive income, non-current	11
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The details of change in investments accounted for under the equity method	14
The details of property,plant and equipment	Note 6 (10)
The details of accumulated depreciation and accumulated impairment of property,plant and equipment	Note 6 (10)
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The details of other non-current assets	Note 6 (13)
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The details of short-term loans	15
The details of accounts payable	16
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TATUNG CO., LTD.

1. The details of cash and cash equivalents

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	
		Subtotal	Total
Cash on hand			\$1,039
Cash in banks			2,680,833
	NTD demand deposits and check deposits	\$2,627,398	
	Foreign demand deposits (Note)		
	USD	1,317	37,509
	RMB	585	2,559
	EUR	65	2,283
	THB	6,516	6,227
	JPY	6,938	1,917
	HKD	276	1,013
	SEK	405	1,409
	CHF	16	518
Petty cash			27,452
Time deposits			
Cash in transit			16,703
Total			<u>\$2,726,027</u>

Note: Exchange rates of foreign deposits are as follows:

<u>Currency</u>	<u>Exchange rate</u>
USD	28.4800
RMB	4.3770
EUR	35.0200
THB	0.9556
JPY	0.2763
HKD	3.6730
SEK	3.4800
CHF	32.3050

TATUNG CO., LTD.

2. The details of financial liabilities at fair value through profit or loss, current

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instruments	Summary	Period	Par value	Total (nominal amount in thousands)	Interest rate	Fair value		Change in fair value attributable to change in credit risk	Note
						Unit price	Total		
Forward foreign exchange	BUY USD/SELL NTD	2020.10.7~2021.4.9	-	USD 10,000	-	\$-	\$6,394	NA	Please refer to Note 6
	BUY EUR/SELL USD	2020.9.17~2021.1.27	-	USD 800	-	-	(1,030)	"	"
Exchange rate option	SELL USD PUT/TWD Call	2020.10.22~2021.2.8	-	USD 1,000	-	-	3	"	"
	Total						<u>\$5,367</u>		

TATUNG CO., LTD.

3. The details of financial assets at fair value through other comprehensive income, current

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instruments	Summary	Shares/units	Par value	Total	Interest rate	Acquisition cost	Accumulated impairment	Fair value		Note
								Unit price	Total	
Stock	Rechi Precision Co., Ltd	679,761	\$-	\$-	-	\$6,015	NA	\$20.90	\$14,207	
	Taiwan Cogeneration Co.	3,654,920	-	-	-	20,946	"	38.70	141,446	
	Taiwan Otis Elevator Co.	20,000	-	-	-	90,121	"	5,923.77	118,476	
	Taiwan Sugar Co.,Ltd	1,391	-	-	-	1	"	53.90	75	
	Taiwan Power Company	2,104	-	-	-	14	"	6.70	14	
	Tongya Telecommunication Industry Co., Ltd	19,800	-	-	-	8,000	"	2,033.75	40,268	
	Chung Hwa Trading Development Co.	49,984	-	-	-	500	"	10.00	500	
	Chi Yeh Chemical Co.	125,000	-	-	-	1,091	"	47.73	5,966	
	Asia-Pacific Thechnology & Intellectual Property Services Inc.	140,000	-	-	-	4,860	"	-	-	
	United Electric Industry Co.Ltd	1,712,676	-	-	-	15,000	"	9.17	15,705	
	Scientific Pharmaceutical Elite Co.Ltd	600,000	-	-	-	9,000	"	4.86	2,917	
									<u>\$339,574</u>	

TATUNG CO., LTD.

4. The details of financial assets at amortised cost, current

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name	Summary	Units	Par value	Total	Interest rate	Book value	Note
Pledged time deposit	-	-	\$-	\$-	-	\$1,375,969	Construction guarantee
Reserve account	-	-	-	-	-	55,502	Endorsement guarantee
Time deposits	-	-	-	-	-	4,564	
Total						<u>\$1,436,035</u>	

TATUNG CO., LTD.

5. The details of contract assets

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name of customers	Summary	Amount	Note
<u>Non-related parties:</u>			
Taiwan Power Company		\$25,622	
Taiwan Railways Administration		69,473	
Hydraulic Engineering Office ,Taipei City Government		6,478	
Continental Engineering Corporation		85,899	
Others (Note)		18,262	
Subtotal		205,734	
Less: Loss allowance		(85,899)	
Net		<u>\$119,835</u>	
<u>Related parties:</u>			
Others (Note)		-	
Total		-	
Less: Loss allowance		-	
Net		<u>\$-</u>	

Note: Amount less than 5% will be disclosed aggregately.



TATUNG CO., LTD.

6. The details of Note receivables

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name of customers	Summary	Amount	Note
<u>Non-related parties:</u>			
Da Shun Engineering Corporation		\$18,000	
Ing Tzy Optronics Corporation		39,000	
Others (Note)		92,563	
Total		<u>\$149,563</u>	

Note: Amounts less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

7. The details of accounts receivable

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name of customers	Summary	Amounts	Note
<u>Non-related parties:</u>			
Taiwan Power Company		\$148,267	
ASUSTeK Computer Inc.		164,844	
Razer (Asia-Pacific) Pte. Ltd		202,519	
VOYETRA TURTLE BEACH, INC		344,287	
Continental Engineering Corporation		135,460	
Others (Note)		752,063	
Subtotal		1,747,440	
Less: Loss allowance		(222,645)	
Net		<u>\$1,524,795</u>	
<u>Related parties:</u>			
Tatung Consumer Products (Taiwan) Co., Ltd.		\$1,566,422	
Others (Note)		56,130	
Subtotal		1,622,552	
Less: Loss allowance		-	
Net		<u>\$1,622,552</u>	

Note: Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

8. The details of other receivables and long-term receivables

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
<u>Non-related parties:</u>			
Other receivables	PROVIEW	\$457,680	
(including long-term receivables)	Others(Note)	211,148	
Total		668,828	
Less: Loss allowance		(466,258)	
Net		\$202,570	
<u>Related parties:</u>			
Other receivables – related parties	Shan-Chih Asset Development Co. (“SCAD”)	\$231,194	
(including long-term receivables – related parties)	Tatung Information Technology (Jiangsu) Co., Ltd.	474,467	
	Chunghwa Picture Tubes, Ltd. (“CPT”)	2,164,302	
	Tatung Consumer Products (Taiwan) Co., Ltd.	203,706	
	Others (Note)	177,812	
Total		3,251,481	
Less: Loss allowance		(28,414)	
Net		\$3,223,067	

Note: Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

9. The details of inventories

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount		Note
		Costs	Net realizable value	
Raw materials		\$664,782	\$604,291	The market value of raw materials, work in progress and finished goods is net realizable value. Please refer to Note 4 (7) The accounting policies of inventory.
Work in progress and property under construction		1,507,806	1,461,456	
Finished good		1,608,036	1,337,157	
Inventories in transit		126,788	126,788	
Total		3,907,412	\$3,529,692	
Less: Allowance for inventory valuation losses		(377,720)		
Net		\$3,529,692		

TATUNG CO., LTD.

10. The details of prepayments

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
prepayment for purchases		\$77,935	
Prepaid expenses		38,758	
Others		8,291	
Total		<u>\$124,984</u>	

TATUNG CO., LTD.

11. The details of financial assets at fair value through other comprehensive income, non-current

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name	Beginning balance		Increase during the period		Decrease during the period		Adjustments for change in value	Ending balance		Assets pledged or collateral	Note
	Shares/units	Fair value	Shares/units	Amount	Shares/units	Amount		Shares/units	Fair value		
Stock											
Tatung Technology Inc.	1,027,056	\$43,458	-	\$-	-	\$-	\$(19,568)	1,027,056	\$23,890	None	
Yi Chi Associated Trading Co.	30,000	300	-	-	-	-	-	30,000	300	None	
Chih Yi Health Co.Ltd	200,000	2,000	-	-	-	-	-	200,000	2,000	None	
Voltamp Power SAOC	1,366,588	106,390	-	-	-	-	74,750	1,366,588	181,140	None	
Green Energy Technology Inc.	19,723,865	-	-	-	-	-	-	19,723,865	-		
Total		<u>\$152,148</u>		<u>\$-</u>		<u>\$-</u>	<u>\$55,182</u>		<u>\$207,330</u>		

TATUNG CO., LTD.

12. The details of financial assets at amortised cost, non-current

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instruments	Summary	Units	Book value	Note
Reserve account		-	\$528,923	Financial institution
Pledged time deposit			<u>413,627</u>	Financial institution 、 Court guarantee
			<u><u>\$942,550</u></u>	

TATUNG CO., LTD.

13. The details of contract assets, non-current

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
<u>Non-related parties:</u>			
Taiwan Railways Administration		\$76,514	



TATUNG CO., LTD.  
14. The details of change in investments accounted for under the equity method  
For the Years Ended December 31, 2020

Name	Beginning balance		Increase during the period(Note3)		Decrease during the period(Note4)		Ending balance		Market price/ Net equity		Assets were pledged as		
	Shares/units	Amount	Shares/units	Amount	Shares/units	Amount	Shares/units	Percentage of	Amount	Unit price		Total price	
Chunghwa Picture Tubes, Ltd. ("CPT")	1,850,745,168	\$(6,421,754)	-	\$991,465	-	-\$2,215,254	1,850,745,168	28.56%	\$(7,645,543)	(Note5)	(\$3.66)	\$(6,775,546)	None
San Chih Semiconductor Co., Ltd. ("SCSC")	49,913,576	54,501	3,419,458	53,305	47,417,897	(36,906)	5,915,137	61.75%	70,900	(Note11)	11.99	70,900	None
Forward Electronics Co., Ltd. ("FD")	18,955,623	215,737	-	2,617	-	(41,499)	18,955,623	12.05%	176,855	-	8.50	161,123	None
Tatung System Technologies Inc.	37,819,027	546,978	-	62,386	-	(45,074)	37,819,027	42.70%	564,290	-	26.55	1,004,095	None
Tatung Fine Chemicals Co., Ltd.	37,458,319	53,060	-	411	-	(7,735)	37,458,319	48.27%	45,736	-	4.15	155,452	None
Chih Sheng Investment Co., Ltd.	150,000,000	206,235	-	10,689	-	(195,040)	150,000,000	100.00%	21,884	-	0.15	21,884	None
Shan Chih Investment Co., Ltd.	77,627,119	524,156	-	-	-	(129,801)	77,627,119	95.83%	394,355	-	5.16	400,348	None
Chunghwa Electronics Development Co., Ltd.	297,626,267	(1,095,307)	-	215,847	-	(986,222)	297,626,267	94.01%	(1,865,682)	-	(6.27)	(1,865,682)	None
Shan-Chih Asset Development Co. ("SCAD")	5,220,064	46,394,470	-	2,930,627	-	(3,050,309)	5,220,064	100.00%	46,274,788	-	9,201.87	48,034,341	None
Taiwan Telecommunication Industry Company	675,000	-	-	-	-	(875,000)	675,000	100.00%	(854,961)	-	9.55	6,446	None
Tatung Information (Singapore) Pte. Ltd.	86,049,842	(56,288)	-	104,589	-	(1,747)	86,049,842	100.00%	46,554	-	0.54	46,554	None
Tatung Electric (Singapore) Pte. Ltd.	33,098,675	736,952	-	9,054	-	(158,865)	33,098,675	100.00%	587,141	-	17.39	575,687	None
Tatung Mexico S.A. de C.V.	1,005,825	125,033	-	52,100	1,005,825	(177,133)	-	-	-	(Note9)	0.00	-	None
Tatung Co. of Japan, Inc.	15,000	1,325,962	2,000,000	693,398	1,984,000	(3,755)	31,000	100.00%	2,015,605	(Note12)	65,021.59	2,015,669	None
Tatung Electronics (S) Pte. Ltd.	3,600,000	80,596	-	3,324	-	(2,584)	3,600,000	90.00%	81,336	-	22.59	81,336	None
Tatung (Thailand) Co., Ltd.	105,599,998	531,398	5,400,000	80,553	-	(30,973)	110,999,998	99.99%	580,978	(Note7)	5.45	605,257	None
Tatung Consumer Products (Taiwan) Co., Ltd.	49,650,000	(1,267,254)	-	43,721	-	(6,584)	49,650,000	99.10%	(1,230,117)	-	(23.98)	(1,190,607)	None
Toes Opto-Mechatronics Co.	17,000,000	24,746	1,500,000	15,000	-	(34,161)	18,500,000	86.05%	5,585	(Note6)	0.25	4,613	None
Tatung SM-Cycle Co.	3,675,000	248,838	-	19,506	-	(22,562)	3,675,000	49.00%	245,782	-	25.29	92,923	None
Tatung Die Casting Co.	153,000	60,316	-	13,718	-	(4,534)	153,000	51.00%	69,500	-	454.25	69,500	None
Tatung Medical Healthcare Technologies Co., Ltd.	36,424,239	205,107	-	7,964	-	(154)	36,424,239	95.85%	212,917	-	5.85	212,917	None
Central Research Technology Co.	6,612,155	40,089	-	1,132	-	(8,395)	6,612,155	100.00%	32,826	-	4.96	32,826	None
TATUNG CZECH s.r.o.	-	7,066	-	-	-	(2,722)	-	100.00%	4,344	-	-	-	None
Absolute Alpha Limited.	50,000	20,525	-	-	-	(75)	50,000	100.00%	20,450	-	409.00	20,450	None
Tatung Co. of America Inc.	1,750,000	(524,966)	-	565,508	1,750,000	(40,542)	-	-	-	(Note16)	-	-	None
Tatung Electric Company of America, Inc.	1,000,000	153,009	-	2	-	(7,830)	1,000,000	100.00%	145,181	-	153.22	153,218	None
Tatung Science and Technology, Inc.	6,872,000	7,877	-	56	6,872,000	(7,933)	-	-	-	(Note15)	-	-	None
Elitegroup Computer Systems Co., Ltd.	152,475,397	3,585,213	-	17,709	-	(380)	152,475,397	27.35%	3,602,542	-	25.95	3,956,737	Yes (Note2)
Tatung Okuma Co., Ltd.	8,428,000	1,394,385	-	34,943	-	(24,511)	8,428,000	49.00%	1,404,817	-	166.68	1,404,817	None
Kuender Co., Ltd.	9,136,000	62,192	-	2,263	-	-	9,136,000	50.00%	64,455	-	4.36	39,788	None
Hsieh-Chih Industrial Library Publishing Co.	242	981	-	-	-	(7)	242	6.91%	974	-	4,024.09	974	None
Chung-Tai Technology Development Engineering Co.	2,200,000	12,125	-	-	-	(1,013)	2,200,000	22.00%	11,112	-	5.05	11,112	None
Tatung Netherlands B.V.	11,030	(145,958)	-	-	-	-	11,030	100.00%	(145,958)	-	(100,496.80)	(1,108,480)	None
Tatung Forever Energy Co., Ltd.	158,558,308	1,508,602	1,441,692	27,725	-	(12,112)	160,000,000	100.00%	1,524,215	(Note8)	9.53	1,524,215	None
Taipei Industry Corporation	69	74	-	5	-	(5)	69	0.00%	74	-	518.33	36	None
LEAP HIGH LTD	263,250	1,080	-	-	263,250	(1,080)	-	-	-	(Note13)	-	-	None
Tungyang Energy Co., Ltd.	40,000,000	400,205	5,000,000	50,000	-	(2,359)	45,000,000	100.00%	447,846	(Note10)	9.95	447,846	None
Shang Shin Energy Co., Ltd.	9,010,000	89,715	10,000,000	101,004	-	-	19,010,000	100.00%	190,719	-	10.03	190,719	None
Chih Kuang Energy Co., Ltd.	40,000,000	398,174	25,000,000	250,000	-	(2,669)	65,000,000	100.00%	645,505	-	9.93	645,505	None
Ting Xin Energy Co., Ltd.	3,010,000	30,058	-	-	-	(1,220)	3,010,000	100.00%	28,838	-	9.58	28,838	None
Zhi Shin Energy Co., Ltd.	4,000,000	39,875	-	-	-	(1,046)	4,000,000	100.00%	38,829	-	9.71	38,829	None
Yao Yang Energy Co., Ltd.	500,000	4,937	-	-	-	(873)	500,000	100.00%	4,064	-	8.13	4,064	None
Tung Kuang Energy Co., Ltd.	-	-	10,000	100	-	(28)	10,000	100.00%	72	(Note14)	7.17	72	None
Tung Shin Energy Co., Ltd.	-	-	100,000	1,000	-	(28)	100,000	100.00%	972	(Note14)	9.72	972	None
Chuang Shih Neng Co., Ltd.	-	-	100,000	1,000	-	(28)	100,000	100.00%	972	(Note14)	9.72	972	None
Lansong International Co., Ltd. (Stop operating)	-	-	-	-	-	-	-	98.33%	-	(Note1)	-	-	None
		<u>\$48,724,156</u>		<u>\$6,362,721</u>		<u>(\$7,266,125)</u>			<u>\$47,820,752</u>				

Assets – Deferred debit for investments accounted for under the equity method

\$47,820,752

Liabilities – Deferred credit for investments accounted for under the equity method (Classified as other liabilities)

11,742,261

Net

\$59,563,013

Note1: Lansong International Co., Ltd. operations have now ceased.

Note2: The 128,500,000 shares of Elitegroup Computer Systems Co., Ltd. held by the Company were pledged against bank loans.

Note 3: It includes issue of shares, recognition of investment income, exchange differences from translating the financial statements of a foreign operation and increase in equity of investee.

Note 4: It includes capital reduction, cash dividends received, recognition of investment loss, exchange differences from translating the financial statements of a foreign operation and decrease in equity of investee.

Note 5: Chunghwa Picture Tubes, Ltd. ("CPT"), a subsidiary of the Group, resolved at its board meeting on September 18, 2019 to file bankruptcy to the court as of December 31, 2020, the court has not announced the result of the ruling.

Note 6: Toes Opto-Mechatronics Co. held a capital injection in January 2020. The Company subscribed the shares based on the holding percentage, and thus the Company's holding percentage increased to 86.05%.

Note 7: Tatung (Thailand) Co., Ltd. held a capital injection in February 2020 with 5,400,000 shares. The Company's holding percentage maintain 99.99%.

Note 8: Tatung Forever Energy Co., Ltd. held a capital injection in March, June, July, September, October and November 2019 with NTD 1,100,000 thousand. The Company subscribed the shares based on the holding percentage, and thus the Company's holding percentage increased to 99.10%.

and thus purchased 1,441,692 minority shares, the Company's holding percentage increased to 100% to Tatung Forever Energy Co., Ltd.

Note 9: In the first quarter of 2020, the Company signed an agreement to sell all of its shares of Tatung Mexico S.A. de C.V. (including the shares of the subsidiaries: TMX Logistics, Inc. and TMX Technologies Inc.) According to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the Company recognized assets and liabilities of Tatung Mexico S.A. de C.V. as non-current assets and liabilities held for sale in the first quarter of 2020. Subsequently, the share transfer procedure was completed in the third quarter of 2020 and the gains on disposal amounted to NTD1,226 thousand. As of December 31, 2020, a final payment of US\$600 thousand was yet to be paid. As some local administrative procedures were still going on, the final payment would not be recovered until the procedures are completed. Therefore, it was recognized as other receivables.

Note 10: Tungyang Energy Co., Ltd. held a capital injection in April 2019 with NTD 400,000 thousand, held a reduce capital in September 2019 with NTD 150,000 thousand, then held a capital injection in April 2020 with NTD 50,000 thousand. The Company's holding percentage maintain 100%.

Note 11: San Chih Semiconductor Co., Ltd. ("SCSC") through the resolution of the shareholders' meeting, the capital is reduced to make up for losses in May 14, 2020, the reduction of capital and remove shares with 1,098,175 thousand and 109,817,480 shares, the capital reduction ratio is 95%, the Company's reduce the share holdings with 62,682,166 shares. Furthermore, San Chih Semiconductor Co., Ltd. held capital injections in June 2020 with 3,800,000 shares. The Group participated in the subscription of 3,419,458 shares and thus the Group's holding percentage increased to 70.14%.

Note 12: Tatung Co. of Japan, Inc. held a capital injection in June and August 2019 with 1,800,000 shares. The Company's holding percentage maintain 100% ; Based on operational requirements, held a reduce capital in December 2019 with 1,800,000 shares, the reduction of capital with 15,000 shares, held a capital injection in February and June 2020 with 2,000,000 shares ; take every 65 shares combined into 1 share to reduce the capital to make up for the loss in November 2020, the reduction of capital with 31,000 shares, the Company's holding percentage maintain 100% to Tatung Co. of Japan, Inc. in December 31, 2020.

Note 13: LEAP HIGH LTD registration and cancellation completed in September 17, 2020, reduced Datong's shareholding in Leap High from 65% to 0%.

Note 14: To expand the solar energy business, in October 2020, the Company established Tung Kuang Energy Co., Ltd. · Tung Shin Energy Co., Ltd. and Chuang Shih Neng Co., Ltd. with NTD100 thousand · NTD1,000 thousand and NTD1,000 thousand, respectively. The Company's holding percentage maintain 100%.

Note 15: Tatung Science and Technology, Inc. complete the legal procedure for liquidation in November 2020.

Note 16: TATUNG CO. OF AMERICA, INC. (refer to "TUS") apply for reorganization to U.S Court in September 2020. The bankruptcy court approved TUS's reorganization plan in December 2020. Therefore, the Company derecognized TUS and excluded TUS from consolidated financial report. Please refer to Note 6(9).

TATUNG CO., LTD.

15. The details of short-term loans

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Category of loans	Ending balance	Loan term	Interest rates	Assets pledged as collateral	Note
Secured bank loans	\$100,000	All within one year	1.66%	Land and buildings of Shan-Chih Asset Development Co.	
L/C loans	584,457	All within one year	1.10%~3.90%	None	
Loans due to employees	14,753	All within one year	0.12%~0.17%		
Total	<u>\$699,210</u>				

TATUNG CO., LTD.

16. The details of accounts payable

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Name of suppliers	Summary	Amount	Note
<u>Non-related parties:</u>			
Others (Note)		\$2,302,471	
Total		<u>\$2,302,471</u>	
<u>Related parties:</u>			
Tatung (Thailand) Co., Ltd.		\$128,778	
Tatung Co. of Japan, Inc.		51,097	
Tatung Information Technology (Jiangsu) Co., Ltd.		36,440	
Tatung System Technologies Inc. ("TSTI")		141,807	
Elitegroup Computer Systems Co., Ltd.		247,979	
Others (Note)		70,640	
Total		<u>\$676,741</u>	

Note: Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

17. The details of other payables

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
<u>Non-related parties:</u>			
Wages and salaries payable (including year-endbonuses)		\$360,951	
Payable on machinery and equipment		80,788	
Interest payable due to loans from banks and employees		61,355	
Employee benefits		57,194	
Others (Note)		374,726	
Total		<u>\$935,014</u>	
<u>Related parties:</u>			
Shan-Chih Asset Development Co.		\$3,400,022	
Others (Note)		119,145	
Total		<u>\$3,519,167</u>	

Note: Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

18. The details of advanced receipts and other current liabilities

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
<u>Non-related parties :</u>			
Receipts under custody		\$27,437	
Funds held in custody		404	
Advanced receipts		3,516	
Subtotal		<u>\$31,357</u>	

TATUNG CO., LTD.

19. The details of right-of-use asset

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

	Cost				Depreciation and impairment				Net carrying amount as of
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Additions	Disposals	Ending balance	
Land	\$4,472	\$3,614	\$(1,693)	\$6,393	\$(1,587)	\$(1,493)	\$1,694	\$(1,386)	\$5,007
Buildings	481,999	13,178	(457,727)	37,450	(233,845)	(238,073)	455,474	(16,444)	21,006
Machinery and equipment	13,211	-	(11,699)	1,512	(4,925)	(6,152)	10,724	(353)	1,159
Transportation equipment	33,537	20,332	(13,535)	40,334	(12,465)	(12,644)	10,349	(14,760)	25,574
Office equipment	24,070	1,537	(5,125)	20,482	(9,226)	(9,086)	5,125	(13,187)	7,295
Other equipment	659	-	(659)	-	(395)	(66)	461	-	-
Total	<u>\$557,948</u>	<u>\$38,661</u>	<u>\$(490,438)</u>	<u>\$106,171</u>	<u>\$(262,443)</u>	<u>\$(267,514)</u>	<u>\$483,827</u>	<u>\$(46,130)</u>	<u>\$60,041</u>

TATUNG CO., LTD.

20. The details of lease liability

As of December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Lease term	Discount rate	Ending balance	Note
Land		2016/07/01~2037/03/30	1.9300%~2.0632%	\$4,798	
Buildings		2014/04/09~2036/09/30	1.9300%~2.0632%	21,093	
Machinery and equipment		2019/11/01~2024/10/31	1.9300%~2.0632%	1,173	
Transportation equipment		2017/08/01~2025/07/06	1.9300%~2.0632%	25,901	
Office equipment		2018/08/01~2021/12/31	1.9300%~2.0632%	7,416	
Total				<u>\$60,381</u>	

TATUNG CO., LTD.

21. The details of net operating revenue

For the Years Ended December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Quantity	Amount	Note
Electromechanical Energy system Business Dept	It includes industrial appliances, metal processing machinery, motors and information energy system products and so on.	(Note)	\$10,381,744	
Consumer products Dept	It includes 3C and household appliances.	(Note)	5,465,531	
Others		(Note)	16,403	
Total				<u>\$15,863,678</u>

Note: It is hard to classify statistiacally because of the variety of products.



TATUNG CO., LTD.

22. The details of operating costs

For the Years Ended December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Amount		Note
	Subtotal	Total	
Direct material			
Beginnig inventory	\$755,421		
Purchase during the period	5,446,796		
Ending inventory	(791,570)		
Reclassified as equipments and expense, etc	(112,192)		
	5,298,455		
Direct labor	381,897		
Manufacturing overhead	1,185,473		
	5,298,455		
Manufacturing costs		\$6,865,825	
Add: Beginning work in progress	2,062,451		
Purchase during the period	403,131		
Others	95,023		
Less: Ending work in progress	(1,507,806)	1,052,799	
Scrap		(156,529)	
		1,052,799	
Cost of finished goods		7,762,095	
Add: Beginnig finished goods	1,485,996		
Purchase during the period	5,416,299		
Others	69,888		
	5,416,299		
Less: Ending finished goods	(1,608,036)		
Reclassified as equipments and expense, etc	(74,844)	(1,682,880)	
	(1,608,036)	(1,682,880)	
Total cost of goods sold		13,051,398	
Other operation costs		648,933	
Rent cost		304,546	
Loss on valiation of inventories		729,581	
Total operationg costs		\$14,734,458	

TATUNG CO., LTD.

23. The details of manufacturing overhead

For the Years Ended December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Wages and salaries		\$533,491	
Utilities expense		81,232	
Depreciations		284,446	
Materials and tools used		97,125	
Miscellaneous expense		71,317	
Other expenses (Note)		117,862	
Total		<u>\$1,185,473</u>	

Note: Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

24. The details of sales and marketing expenses

For the Years Ended December 31, 20120

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Wages and salaries		\$591,291	
Insurance expense		60,342	
Commodity tax		46,814	
Other expenses (Note)		165,381	
Total		<u>\$863,828</u>	

Note : Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

25. The details of administrative expenses

For the Years Ended December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Wages and salaries		\$281,197	
Office expense		90,220	
Advertisement expense		272,416	
Depreciations		106,802	
Service expense		327,965	
Other expenses (Note)		189,212	
Total		<u>\$1,267,812</u>	

Note : Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

26. The details of research and development expenses

For the Years Ended December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Wages and salaries		\$337,529	
Insurance expense		28,508	
Depreciations and depletions		53,942	
Material used in research and development		63,170	
Other expenses (Note)		77,714	
Total		<u>\$560,863</u>	

Note : Amount less than 5% will be disclosed aggregately.