JPP Holding Company Limited and Subsidiaries

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
JPP Holding Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the Group’s consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Occurrence of Revenue Recognition

The Group’s consolidated revenue for the year ended December 31, 2020 was NT$1,259,442 thousand, and out of this amount, NT$460,443 came from specific clients. In addition, client concentration from operating revenue in 2020 was higher than the previous year; as the amount of the operating revenue from specific clients is material to the consolidated financial statements, we considered the occurrence of revenue as a key audit matter.

The main audit procedures that we performed in response to the revenue recognition key audit matter were as follows:

- We obtained an understanding and tested the process of credit approval, sales prices and payment collection terms of specific clients to ensure that these clients have undergone appropriate approval and we also checked relevant supporting information, including information obtained from search related to these clients.

- We selected samples from sales transactions with specific clients and inspected the relevant documents, such as the sales receipts and delivery orders, and we checked the relevant vouchers after the reporting period and confirmed that sales had occurred.

- We reviewed the events which occurred after the reporting period and confirmed that any significant returns and allowances had occurred.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ching-Cheng Yang and Chih-Yuan Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

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

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

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 204,073	6	$ 546,877	16
Financial assets at fair value through profit or loss - current (Notes 7 and 20)	152	-	-	-
Financial assets at amortized cost - current (Notes 9 and 31)	74,554	2	90,862	3
Notes receivable	8	-	-	-
Trade receivables (Note 10)	467,529	15	296,662	9
Trade receivables from related parties (Notes 10 and 30)	5,412	-	1,763	-
Inventories (Note 11)	294,505	9	266,737	8
Other current assets (Notes 18 and 30)	57,306	2	141,256	4
Total current assets	1,103,539	34	1,344,157	40
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	24,676	1	15,551	1
Investments accounted for using the equity method (Note 13)	11,389	-	1,156	-
Property, plant and equipment (Notes 14, 30 and 31)	1,605,713	50	1,467,826	44
Right-of-use assets (Notes 4 and 15)	78,908	3	61,961	2
Other intangible assets (Note 17)	167,125	5	109,589	3
Goodwill (Notes 16 and 27)	75,850	2	53,487	2
Deferred tax assets (Note 25)	7,620	-	4,583	-
Other non-current assets (Note 18)	170,059	5	261,366	8
Total non-current assets	2,141,340	66	1,975,519	60
TOTAL	$ 3,244,879	100	$ 3,319,676	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 31)	$ 127,993	4	$ 509,464	15
Financial liabilities at fair value through profit or loss - current (Notes 7 and 20)	-	-	4,804	-
Notes payable	802	-	1,767	-
Trade payables	247,726	8	109,669	3
Trade payables to related parties (Note 30)	10,495	-	3,427	-
Other payables (Notes 21 and 30)	71,148	2	98,445	3
Current tax liabilities (Note 25)	4,240	-	49	-
Lease liabilities - current (Notes 4 and 15)	16,361	1	13,495	1
Current portion of long-term borrowings (Notes 19 and 31)	268,917	8	169,676	5
Other current liabilities	21,407	1	16,354	1
Total current liabilities	769,089	24	927,150	28
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	180,633	6	186,681	6
Long-term borrowings (Notes 19 and 31)	309,522	9	202,282	6
Deferred tax liabilities (Note 25)	38,232	1	38,544	1
Lease liabilities - non-current (Notes 4 and 15)	52,699	2	35,933	1
Net defined benefit liabilities - non-current (Note 22)	46,063	1	31,148	1
Guarantee deposits received	14	-	25	-
Other non-current liabilities	1,012	-	-	-
Total non-current liabilities	628,175	19	494,613	15
Total liabilities	1,397,264	43	1,421,763	43
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital				
Ordinary shares	436,646	13	436,646	13
Capital surplus	933,720	29	933,720	28
Retained earnings				
Legal reserve	97,814	3	88,674	3
Special reserve	89,284	3	89,284	3
Unappropriated earnings	268,171	8	252,191	7
Total retained earnings	455,269	14	430,149	13
Other equity	(8,561)	-	77,911	2
Total equity attributable to owners of the Company	1,817,074	56	1,878,426	56
NON-CONTROLLING INTERESTS	30,541	1	19,487	1
Total equity	1,847,615	57	1,897,913	57
TOTAL	$ 3,244,879	100	$ 3,319,676	100

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

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 30)	$ 1,259,442	100	$ 1,437,581	100
OPERATING COSTS (Notes 11, 24 and 30)	861,414	68	991,453	69
GROSS PROFIT	398,028	32	446,128	31
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	30,883	2	44,312	3
General and administrative expenses	235,570	19	243,345	17
Research and development expenses	19,797	2	20,683	2
Expected credit (gain) loss	(2,062)	-	2,138	-
Total operating expenses	284,188	23	310,478	22
PROFIT FROM OPERATIONS	113,840	9	135,650	9
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 30)				
Other gains and losses	32,800	3	(12,610)	(1)
Share of loss of associates	(1,829)	-	(606)	-
Finance costs	(20,779)	(2)	(21,693)	(1)
Interest income	1,582	-	457	-
Other income	2,838	-	4,124	-
Total non-operating income and expenses	14,612	1	(30,328)	(2)
PROFIT BEFORE INCOME TAX	128,452	10	105,322	7
INCOME TAX EXPENSE (Note 25)	11,168	1	14,644	1
NET PROFIT FOR THE YEAR	117,284	9	90,678	6
OTHER COMPREHENSIVE INCOME (Notes 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,790)	(1)	-	-

(Continued)

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	$ 9,733	1	$ 4,778	1
Exchange differences on translation to the presentation currency	(94,479)	(7)	87,053	6
Other comprehensive income (loss) for the year, net of income tax	(92,536)	(7)	91,831	7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 24,748	2	$ 182,509	13
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 115,873	9	$ 91,402	6
Non-controlling interests	1,411	-	(724)	-
	$ 117,284	9	$ 90,678	6
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 21,611	2	$ 185,227	13
Non-controlling interests	3,137	-	(2,718)	-
	$ 24,748	2	$ 182,509	13
EARNINGS PER SHARE (Note 26)				
Basic	$ 2.65		$ 2.31	
Diluted	$ 2.43		$ 2.31	

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

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company												
	Ordinary Share Capital (Note 23)			Retained Earnings (Note 23)				Other Equity					
	Shares (Thousand)	Amount	Capital Surplus (Note 23)	Legal Reserve	Special Reserve	Unappropri-ated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehen-sive Income	Other Equity	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	39,464	$ 394,646	$ 775,720	$ 74,022	$ 89,284	$ 278,049	$ 441,355	$ (14,352)	$ (1,562)	$ (15,914)	$ 1,595,807	$ 20,984	$ 1,616,791
Appropriation of 2018 earnings													
Legal reserve	-	-	-	14,652	-	(14,652)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(102,608)	(102,608)	-	-	-	(102,608)	-	(102,608)
	-	-	-	14,652	-	(117,260)	(102,608)	-	-	-	(102,608)	-	(102,608)
Issuance of ordinary shares for cash	4,200	42,000	158,000	-	-	-	-	-	-	-	200,000	-	200,000
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,221	1,221
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	91,402	91,402	-	-	-	91,402	(724)	90,678
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	89,047	4,778	93,825	93,825	(1,994)	91,831
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	91,402	91,402	89,047	4,778	93,825	185,227	(2,718)	182,509
BALANCE AT DECEMBER 31, 2019	43,664	436,646	933,720	88,674	89,284	252,191	430,149	74,695	3,216	77,911	1,878,426	19,487	1,897,913
Appropriation of 2019 earnings													
Legal reserve	-	-	-	9,140	-	(9,140)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(82,963)	(82,963)	-	-	-	(82,963)	-	(82,963)
	-	-	-	9,140	-	(92,103)	(82,963)	-	-	-	(82,963)	-	(82,963)
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	7,917	7,917
Net profit for the year ended December 31, 2020	-	-	-	-	-	115,873	115,873	-	-	-	115,873	1,411	117,284
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(7,790)	(7,790)	(96,205)	9,733	(86,472)	(94,262)	1,726	(92,536)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	108,083	108,083	(96,205)	9,733	(86,472)	21,611	3,137	24,748
BALANCE AT DECEMBER 31, 2020	43,664	$ 436,646	$ 933,720	$ 97,814	$ 89,284	$ 268,171	$ 455,269	$ (21,510)	$ 12,949	$ (8,561)	$ 1,817,074	$ 30,541	$ 1,847,615

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

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 128,452	$ 105,322
Adjustments for:		
Depreciation expense	144,670	139,678
Amortization expense	17,087	13,810
Expected credit (gain) loss	(2,062)	2,138
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(4,669)	(2,913)
Finance costs	20,779	21,693
Interest income	(1,582)	(457)
Share of loss of associates	1,829	606
(Gain) loss on disposal of property, plant and equipment	(279)	9
Loss on disposal of other intangible assets	3	100
Allowance for inventory valuation and obsolescence loss	10,950	2,691
Unrealized loss on foreign currency exchange	929	554
Changes in operating assets and liabilities		
Notes receivables	(8)	-
Trade receivables	(160,281)	16,994
Trade receivables from related parties	(3,720)	12,307
Inventories	(51,244)	24,531
Other current assets	78,997	(113,472)
Notes payable	(965)	(8,845)
Trade payables	136,382	(56,167)
Trade payables to related parties	7,068	(4,404)
Other payables	71,421	15,202
Other current liabilities	(20,331)	3,187
Net defined benefit liabilities	6,046	5,818
Cash generated from operations	379,472	178,382
Interest received	2,764	1,381
Interest paid	(15,930)	(21,261)
Income tax paid	(13,569)	(18,066)
Net cash generated from operating activities	352,737	140,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(74,086)	(90,052)
Proceeds from sale of financial assets at amortized cost	85,445	-
Proceeds of due of financial assets at amortized cost	-	63,753
Acquisition of long-term investments accounted for using the equity method	(12,060)	(1,751)
Acquisition of associates	(88,772)	-
Payments for property, plant and equipment	(325,455)	(152,670)
Proceeds from disposal of property, plant and equipment	2,560	5,040
Increase in refundable deposits	-	(74)
Decrease in refundable deposits	52	-

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JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	2020	2019
Purchase of other intangible assets	$ (10,617)	$ (4,002)
Increase in prepayments for land and equipment	-	(123,844)
Net cash used in investing activities	(422,933)	(303,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	309,734
Repayments of short-term borrowings	(386,202)	-
Proceeds from issuance of convertible bonds	-	200,000
Proceeds from long-term borrowings	351,637	124,185
Repayments of long-term borrowings	(126,613)	(133,440)
Proceeds of guarantee deposits received	-	1
Refunds from guarantee deposits received	(11)	-
Repayment of the principal portion of lease liabilities	(11,252)	(19,955)
Increase in other non-current liabilities	1,012	-
Dividends paid to owners of the Company	(82,963)	(102,608)
Issuance of ordinary shares for cash	-	200,000
Increase in non-controlling interests	7,935	1,221
Net cash (used in) generated from financing activities	(246,457)	579,138
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(26,151)	(12,127)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(342,804)	403,847
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	546,877	143,030
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 204,073	$ 546,877

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

JPP Holding Company Limited (the "Company") was incorporated in Cayman Islands on June 10, 2012, and was set up for the purpose of organizational restructuring. The Company completed organizational restructuring on June 10, 2013, and after restructuring, the Company became the ultimate parent company of the whole group.

The Company was listed on the mainboard of the Taipei Exchange in October 2014, and transferred listing to the Taiwan Stock Exchange (TWSE) on March 9, 2017.

The functional currency of the Company is the Thai Baht. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company's shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 26, 2021.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the accounting policies of the Company and the entities controlled by the Company (collectively, the "Group").

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

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

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

See Note 12 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Business combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

f. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including the subsidiaries, associates, joint ventures or branch operations in other countries or subsidiaries which use currencies that are different from the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of Company and non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

g. Inventories

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

h. Investments in associates

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

i. Property, plant and equipment

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

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

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

j. Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

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

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in business combinations

Intangible assets are acquired in a business combinations and recognized separately from goodwill are initially recognized at their fair value at the acquisition date which is regarded as their cost. Subsequently to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

m. Financial instruments

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

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

1) Financial assets

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

   a) Measurement categories

      Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

      i. Financial assets at FVTPL

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

      ii. Financial assets at amortized cost

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

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

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

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

         Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

         i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

         ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

         Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. For financial instruments and contract assets, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at FVTPL that are measured at fair value, all financial liabilities are measured at amortized cost using the effective interest method.

Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The conversion option component of the convertible bonds issued by the Group, which will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's own equity instruments, is classified as a derivative financial liability.

On initial recognition, the derivative financial liability component of the convertible bonds is recognized at fair value, and the initial carrying amount of the non-derivative financial liability component is determined by deducting the amount of the derivative financial liability component from the fair value of the hybrid instrument as a whole. In subsequent periods, the non-derivative financial liability component of the convertible bonds is measured at amortized cost using the effective interest method. The derivative financial liability component is measured at fair value, and the changes in fair value are recognized in profit or loss.

n. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of precision sheet metal products and is recognized when the goods are delivered to the customer's specific location or when the goods are shipped. Revenue and trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Rendering of services

Service income is recognized when services are provided.

o. Leases

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2) The Group as lessee

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

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

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

The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

The borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

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

1) Current tax

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

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

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

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

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

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

3) Current and deferred tax for the year

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 798	$ 746
Checking accounts and demand deposits	203,275	396,231
Cash equivalents (investments with original maturities of 3 months or less)	-	149,900
	$ 204,073	$ 546,877

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

	December 31	
	2020	**2019**
Demand deposits	0.02%-0.20%	0.03%-0.63%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	**2019**
Financial assets held for trading - current		
Derivative		
Second issuance of convertible bonds in Taiwan	$ 152	$ -
Financial liabilities held for trading - current		
Derivative		
Second issuance of convertible bonds in Taiwan	$ -	$ 4,804

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	**2019**
Non-current		
Overseas unlisted ordinary shares	$ 24,676	$ 15,551

The Group acquired ordinary shares of overseas unlisted companies for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	**2019**
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ 74,554	$ 90,862

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.35%-0.63% and 1.10%-1.375% per annum as of December 31, 2020 and 2019, respectively.

b. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

10. TRADE RECEIVABLES

	December 31 2020	December 31 2019
Trade receivables		
At amortized cost		
Gross carrying amount	$ 473,384	$ 301,047
Less: Allowance for impairment loss	(443)	(2,622)
	$ 472,941	$ 298,425

The average credit period of sales of goods is 30-90 days. No interest was charged on trade receivables.

The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced. Due to historical experience, the Group recognized an allowance for impairment loss of 100% against all receivables aged over 180 days except for the receivables recovered before the issuance of the consolidated financial statements. The Group reviews the trading records and analyzes the financial status to estimate the unrecoverable debts for the customers' overdue receivables which are less than 180 days overdue excluding those received before the issuance of the consolidated financial statements.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

December 31, 2020

	Not Past Due	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.00%	0.00%	0.03%	0.00%	59.94%	
Gross carrying amount	$ 426,997	$ 10,722	$ 34,230	$ 711	$ 724	$ 473,384
Loss allowance (Lifetime ECLs)	-	-	(9)	-	(434)	(443)
Amortized cost	$ 426,997	$ 10,722	$ 34,221	$ 711	$ 290	$ 472,941

December 31, 2019

	Not Past Due	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.00%	0.00%	0.54%	0.00%	52.25%	
Gross carrying amount	$ 258,872	$ 14,061	$ 24,068	$ 287	$ 3,759	$ 301,047
Loss allowance (Lifetime ECLs)	-	-	(130)	-	(2,492)	(2,622)
Amortized cost	$ 258,872	$ 14,061	$ 23,938	$ 287	$ 1,267	$ 298,425

The movements of the allowance for doubtful trade receivables are as follows:

	2020	2019
Balance at January 1	$ 2,622	$ 454
Add: Net remeasurement of loss allowance	-	2,138
Less: Net remeasurement of loss allowance	(2,062)	-
Foreign exchange gains and losses	(117)	30
Balance at December 31	$ 443	$ 2,622

11. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 66,537	$ 52,707
Work in process	103,078	96,766
Raw materials	124,179	115,675
Inventories in transit	711	1,589
	$ 294,505	$ 266,737

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

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 850,464	$ 988,762
Inventory write-downs	10,950	2,691
	$ 861,414	$ 991,453

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2020	2019	Remark
The Company	Jinpao Precision Industry Co., Ltd. (Jinpao)	Material parts design and manufacturing	99.99	99.99	a
Jinpao	Jinpao Precision Japan Co., Ltd. (Jinpao Japan)	Processed metal products development and trading	80.00	80.00	a
Jinpao	Jinpao Europe SAS (Jinpao Europe)	Metal parts manufacturing and milling	76.00	76.00	a
Jinpao Europe SAS	Atelier de decolletuge de Bigorre (ADB)	Metal parts manufacturing and milling	100.00	100.00	a
Jinpao Europe SAS	SAS LUTEC (LUTEC)	Metal parts manufacturing and milling	100.00	100.00	a
Jinpao Europe SAS	SPEM AERO SAS (SPEM)	Surface treatment	90.00	-	a and b

Remarks:

a. The financial statements of the Group and Jinpao were prepared on the basis of their functional currency, the Thai Baht. The financial statements of Jinpao Japan were prepared on the basis of its functional currency, the Japanese Yen. The financial statements of Jinpao Europe, ADB, LUTEC and SPEM were prepared on the basis of their functional currency, the Euro. In the preparation of the consolidated financial statements, the account items were translated into the presentation currency, the New Taiwan dollar, as follows: All balance sheet accounts were translated at their respective functional currencies at the balance sheet dates, equity accounts were translated based on the historical exchange rates, and all income statement accounts were translated at the average exchange rates for the periods. Exchange differences on translation of foreign currencies are recognized as other comprehensive income and classified within the shareholders' equity section. The spot exchange rates of THB to NT$ on December 31, 2020 and 2019 are THB1=NT$0.9556 and THB1=NT$1.0098, respectively. The average exchange rates of THB to NT$ in 2020 and 2019 are THB1=NT$0.9496 and THB1=NT$1.0008, respectively.

b. The Group acquired 90% of the shares of SPEM on January 8, 2020.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2020	2019
Associates that are not individually material	$ 11,389	$ 1,156

	For the Year Ended December 31 2020	2019
The Group's share of:		
Net loss for the period	$ (1,829)	$ (606)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss) for the year	$ (1,829)	$ (606)

The Group acquired 25% of the shares of Wefly Aero., Ltd (“Wefly”) in 2019. The Group acquired 33.23% and 28% of the shares of I Motor Manufacturing Co., Ltd. and I Motor Marketing Co., Ltd., respectively in 2020.

Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of the associate.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2019	$ 575,600	$ 419,938	$ 1,170,698	$ 88,160	$ 2,254,396
Additions	-	10,393	134,065	8,212	152,670
Disposals	-	(2,537)	(12,306)	(2,819)	(17,662)
Reclassification	-	(28,438)	28,438	-	-
Effects of foreign currency exchange differences	32,598	24,750	80,031	(8,609)	128,770
Balance at December 31, 2019	$ 608,198	$ 424,106	$ 1,400,926	$ 84,944	$ 2,518,174
Accumulated depreciation and impairment					
Balance at January 1, 2019	$ -	$ 137,052	$ 685,644	$ 63,063	$ 885,759
Disposals	-	(226)	(9,730)	(2,657)	(12,613)
Depreciation expense	-	20,955	101,551	8,759	131,265
Reclassification	-	(491)	491	-	-
Effects of foreign currency exchange differences	-	8,320	45,068	(7,451)	45,937
Balance at December 31, 2019	$ -	$ 165,610	$ 823,024	$ 61,714	$ 1,050,348
Carrying amount at December 31, 2019	$ 608,198	$ 258,496	$ 577,902	$ 23,230	$ 1,467,826
Cost					
Balance at January 1, 2020	$ 608,198	$ 424,106	$ 1,400,926	$ 84,944	$ 2,518,174
Additions	-	117,850	194,316	13,289	325,455
Acquired through business combinations	436	1,339	22,066	-	23,841
Disposals	-	-	(26,453)	(1,799)	(28,252)
Effects of foreign currency exchange differences	(32,468)	(14,357)	(11,346)	(4,488)	(62,659)
Balance at December 31, 2020	$ 576,166	$ 528,938	$ 1,579,509	$ 91,946	$ 2,776,559
Accumulated depreciation and impairment					
Balance at January 1, 2020	$ -	$ 165,610	$ 823,024	$ 61,714	$ 1,050,348
Disposals	-	-	(25,035)	(936)	(25,971)
Acquired through business combinations	-	7,515	54,457	-	61,972
Depreciation expense	-	18,005	106,361	9,021	133,387
Effects of foreign currency exchange differences	-	(8,507)	(37,120)	(3,263)	(48,890)
Balance at December 31, 2020	$ -	$ 182,623	$ 921,687	$ 66,536	$ 1,170,846
Carrying amount at December 31, 2020	$ 576,166	$ 346,315	$ 657,822	$ 25,410	$ 1,605,713

The Group had no significant disposal of property, plant and equipment for the years ended December 31, 2020 and 2019. Furthermore, after assessment, there was no indication of impairment, hence, the Group did not perform any impairment test. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Freehold land	20 years
Buildings	5 years
Machinery and equipment	5-10 years
Other equipment	5 years

Property, plant and equipment pledged as collateral for bank borrowings was set out in Note 31.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	**2019**
Carrying amount		
Buildings	$ 78,908	$ 61,961

	For the Year Ended December 31	
	2020	**2019**
Additions to right-of-use assets	$ 27,927	$ 7,287
Depreciation change for right-of-use assets		
Buildings	$ 11,283	$ 8,413

b. Lease liabilities

	December 31	
	2020	**2019**
Carrying amount		
Current	$ 16,361	$ 13,495
Non-current	$ 52,699	$ 35,933

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	**2019**
Buildings	1.75%-3.25%	1.75%-3.25%

c. Material lease-in activities and terms

The Group leases buildings for the use of plants and offices with lease terms of 5 to 10 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to low-value asset leases	$ 2,283	$ 2,370
Total cash outflow for leases	$ (16,492)	$ (24,683)

The Group’s leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. GOODWILL

	December 31	
	2020	2019
Cost		
Balance at January 1	$ 53,487	$ 55,608
Additional amounts recognized from business combinations occurring during the year (Note 27)	19,803	-
Effects of foreign currency exchange differences	2,560	(2,121)
Balance at December 31	$ 75,850	$ 53,487

The Group acquired SPEM on January 8, 2020 and recognized goodwill of $19,803 thousand, which was mainly related to the operating synergies expected to be bought about from the expansion of the business scale, improvements in aerospace engineering technologies and potential sales growth in the European market.

17. OTHER INTANGIBLE ASSETS

	Other Intangible Assets	Computer Software	Total
Cost			
Balance at January 1, 2019	$ 63,075	$ 92,485	$ 155,560
Additions	-	4,002	4,002
Disposals	-	(139)	(139)
Effects of foreign currency exchange differences	(2,407)	5,527	3,120
Balance at December 31, 2019	$ 60,668	$ 101,875	$ 162,543

(Continued)

	Other Intangible Assets	Computer Software	Total
Accumulated amortization and impairment			
Balance at January 1, 2019	$ -	$ 37,061	$ 37,061
Amortization expense	5,089	8,721	13,810
Disposals	-	(39)	(39)
Effects of foreign currency exchange differences	(157)	2,279	2,122
Balance at December 31, 2019	$ 4,932	$ 48,022	$ 52,954
Carrying amount at December 31, 2019	$ 55,736	$ 53,853	$ 109,589
Cost			
Balance at January 1, 2020	$ 60,668	$ 101,875	$ 162,543
Additions	-	10,617	10,617
Acquisition through business combinations	63,028	-	63,028
Disposals	-	(5)	(5)
Effects of foreign currency exchange differences	4,294	(5,401)	(1,107)
Balance at December 31, 2020	$ 127,990	$ 107,086	$ 235,076
Accumulated amortization and impairment			
Balance at January 1, 2020	$ 4,932	$ 48,022	$ 52,954
Amortization expense	8,975	8,112	17,087
Disposals	-	(2)	(2)
Effects of foreign currency exchange differences	438	(2,526)	(2,088)
Balance at December 31, 2020	$ 14,345	$ 53,606	$ 67,951
Carrying amount at December 31, 2020	$ 113,645	$ 53,480	$ 167,125

(Concluded)

As there was no indication of impairment after assessment for both the years ended December 31, 2020 and 2019, therefore, the Group did not perform any impairment test.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	10 years
Other intangible assets	12.3-18 years

18. OTHER ASSETS

	December 31 2020	December 31 2019
Current		
Prepaid expenses and others	$ 57,306	$ 141,256
Non-current		
Prepayments for equipment	$ 160,044	$ 256,521
Refundable deposits	919	971
Others	9,096	3,874
	$ 170,059	$ 261,366

19. BORROWINGS

a. Short-term borrowings

	December 31 2020	December 31 2019
Secured borrowings (Note 31)		
Bank loans*	$ 127,993	$509,464

* The range of weighted average effective interest rates on bank loans were 1.98%-2.38% and 1.25%-2.97% per annum as of December 31, 2020 and 2019, respectively.

b. Long-term borrowings

	December 31 2020	December 31 2019
Secured borrowings (Note 31)		
Bank loans (1)	$ 63,707	$ 134,640
Bank loans (2)	206,934	134,640
Bank loans (3)	67,325	100,103
Bank loans (4)	94,161	-
Bank loans	1,621	2,575
Bank loans	1,351	-
	435,212	371,958
Unsecured borrowings		
Bank loans	143,340	-
	578,439	371,958
Less: Current portions	(268,917)	(169,676)
Long-term loans	$ 309,522	$ 202,282

1) As of December 31, 2020 and 2019, the annual weighted average effective interest rates of the bank borrowings secured by the Group’s freehold land and buildings (see Note 31) were 2.9908% both. The loan is due on November 16, 2021.

2) As of December 31, 2020 and 2019, the annual weighted average effective interest rate of the bank borrowings secured by the Group’s freehold land and buildings (see Note 31) were 2.2413% and 3.4633%, respectively. The loan is due on November 23, 2021.

3) As of December 31, 2020 and 2019, the annual weighted average effective interest rate of the bank borrowings secured by Jinpao as guarantee for the bank loan were 1.8% both. The loan is due on December 26, 2022.

4) As of December 31, 2020, the annual weighted average effective interest rate of the bank borrowings secured by Jinpao as guarantee for the bank loan was 1.8%. The loan is due on November 30, 2023.

20. BONDS PAYABLE

	December 31	
	2020	2019
Second issuance of unsecured domestic convertible bonds in Taiwan	$ 180,633	$ 186,681

On November 28, 2019, the Group issued 2 thousand units of 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $200,000 thousand. The maturity date of the bonds is on November 28, 2022.

Each bond entitles the holder to convert it into ordinary shares of the Group at a conversion price of $55. In the case of ex-right or ex-dividend, the conversion price should be adjusted according to the adjustment formula. The conversion price was adjusted on December 23, 2019 and August 4, 2020 from $55 to $54.6 and from $54.6 to $52.1, respectively.

Conversion may occur at any time between February 29, 2020 and November 28, 2022. If the bonds have not been converted and the closing price of the Group’s ordinary shares exceeds 30% of the conversion price for at least 30 consecutive trading days consecutively or the value of the outstanding convertible bonds falls lower than 10% of the original total amount issued, they will be redeemed at face value from February 29, 2020 to October 19, 2022.

The liability (asset) component includes embedded financial derivatives and non-financial derivative liabilities (assets). On December 31, 2020 and 2019, the fair value of such embedded financial derivatives was $(152) thousand and $4,804 thousand, and the amount of liabilities of non-financial derivatives liabilities measured at amortized cost was $180,633 thousand and $186,681 thousand. The effective interest rate for both liabilities was 2.2256% per annum on initial recognition.

Liability component at December 31, 2019 (separately recognized as bonds payable of $186,681 thousand and financial liabilities at FVTPL - current of $4,804 thousand)	$ 191,485
Interest charged at the effective interest rate	3,947
Gain on valuation of financial assets	(4,669)
Effects of exchange rate changes	(10,282)
Liability component at December 31, 2020 (separately recognized as bonds payable of $180,633 thousand and financial assets at FVTPL - current of $152 thousand)	$ 180,481

21. OTHER LIABILITIES

	December 31 2020	December 31 2019
Current		
Other payables		
Payables for equipment	$ 22,323	$ 49,204
Others	48,825	49,241
	$ 71,148	$ 98,445

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plans adopted by Jinpao of the Group in accordance with the Labor Protection Act is operated by the government of Thailand, which is a state-managed defined contribution plan. The defined benefit plans adopted by ADB, LUTEC and SPEM of the Group in accordance with the Labor Standards Act is operated by the government, which is a state-managed defined contribution plan. Pension paid is calculated based on years of service and the salaries before the approved retirement date.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plan are as follows:

	December 31 2020	December 31 2019
Present value of defined benefit obligation	$ 46,063	$ 31,148
Fair value of plan assets	-	-
Net defined benefit liabilities	$ 46,063	$ 31,148

Movements in net defined benefit assets are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Balance at January 1, 2019	$ 23,861	$ -	$ 23,861
Service cost			
Current service cost	7,153	-	7,153
Recognized in profit or loss	7,153	-	7,153
Benefits paid	(1,059)	-	(1,059)
Others	1,193	-	1,193
Balance at December 31, 2019	31,148	-	31,148
Service cost			
Current service cost	2,332	-	2,332
Recognized in profit or loss	2,332	-	2,332
Remeasurement			
Actuarial loss - experience adjustments	7,790	-	7,790
Recognized in other comprehensive	7,790	-	7,790
Benefits paid	(94)	-	(94)
Business combinations	5,966	-	5,966
Others	(1,079)	-	(1,079)
Balance at December 31, 2020	$ 46,063	$ -	$ 46,063

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

	December 31	
	2020	2019
Discount rates	0.39%-2.81%	1.76%-3.94%
Expected rates of salary increase	3.00%-6.00%	2.50%

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

	December 31	
	2020	2019
Discount rates		
1%/0.25% increase	$ (3,245)	$ (2,458)
1%/0.25% decrease	$ 3,502	$ 2,847
Expected rates of salary increase		
1%/0.25% increase	$ 3,584	$ 3,019
1%/0.25% decrease	$ (3,197)	$ (2,647)

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

	December 31	
	2020	2019
Expected contributions to the plan for the next year	$ -	$ -
Average duration of the defined benefit obligation	10 years	13 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Numbers of shares authorized (in thousands)	60,000	60,000
Value of shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	43,664	43,664
Value of shares issued	$ 436,646	$ 436,646

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

In 2019, the Company resolved to issue 4,200 thousand ordinary shares with a par value of NT$10, for a consideration of NT$47 per share, with the total amount of $200,000 thousand; which increased the share capital issued to 43,664 shares and fully paid to $436,646 thousand. On November 6, 2019, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors to be December 23, 2019.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Premium from issuance of ordinary shares	$ 933,720	$ 933,720

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 24(h).

The Group's operations are highly specialized with customized products, and is in the growth stage. The board of directors of the Group proposes the distribution plan based on previous years' retained earnings, overall growth, financial planning, capital needs, industry outlook and future development plans, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. When distributing dividends, the Group should first (i) pay the reserved amount for the yearly tax payment; (ii) offset losses of previous years; (iii) set aside as a legal reserve 10% of the remaining profit (legal reserve); and (iv) set aside as special reserve required by Taiwan Stock Exchange by the rules governing the special reserve of public companies. In accordance with the Company Law of the Cayman Islands and rules of public companies, where the Group made a profit in a fiscal year, the Group may combine all or parts of the accumulated undistributed retained earnings after considering the financial, operational and administrative factors, the board should advise the shareholders that no less than 20% of the undistributed retained earnings should be distributed as dividends to shareholders unless the undistributed retained earnings is less than 20% of the outstanding ordinary shares. The dividends can be distributed in shares or cash, but the cash dividends should not be less than 10% of the total dividends distributed.

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

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

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings on June 23, 2020 and June 25, 2019, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 9,140	$ 14,652		
Cash dividends	82,963	102,608	$1.90	$2.60

The appropriation of earnings for 2020 had been proposed by the Company's board of directors on March 26, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 10,808	
Cash dividends	91,696	$2.1

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in the shareholder meeting to be held on June 23, 2021.

d. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 19,487	$ 20,984
Share in profit for the year	1,411	(724)
Other comprehensive income/(loss) during the year		
Exchange differences on translation of the financial statements of foreign entities	1,726	(1,994)
Cash dividends to non-controlling interests	(2,590)	-
Non-controlling interests from acquisition of subsidiaries	10,507	1,221
Balance at December 31	$ 30,541	$ 19,487

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2020	2019
Interest income		
Bank deposits	$ 1,582	$ 457

b. Other income

	For the Year Ended December 31	
	2020	2019
Rental income		
Operating lease contingent rental income	$ -	$ 109
Others	2,838	4,015
	$ 2,838	$ 4,124

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange gain (loss)	$ 27,852	$ (15,514)
Net gain on financial assets and liabilities at fair value through profit or loss	4,669	2,913
Gain (loss) on disposal of property, plant and equipment	279	(9)
	$ 32,800	$ (12,610)

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 13,875	$ 18,970
Interest on convertible bonds	3,947	365
Interest on lease liabilities	2,957	2,358
	$ 20,779	$ 21,693

e. Impairment losses recognized (reversed) on financial assets

	For the Year Ended December 31	
	2020	2019
Trade receivables	$ (2,062)	$ 2,138

f. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 133,387	$ 131,265
Right-of-use assets	11,283	8,413
Other intangible assets	17,087	13,810
	$ 161,757	$ 153,488
An analysis of deprecation by function		
Operating costs	$ 124,397	$ 121,478
Operating expenses	20,273	18,200
	$ 144,670	$ 139,678
An analysis of amortization by function		
Operating costs	$ 9,282	$ 5,412
Operating expenses	7,805	8,398
	$ 17,087	$ 13,810

g. Employee benefits expense

Properties \ Function	2020 Operating Costs	2020 Operating Expense	2020 Total	2019 Operating Costs	2019 Operating Expense	2019 Total
Salary expense	$ 229,525	$ 123,457	$ 352,982	$ 286,998	$ 138,424	$ 425,422
Insurance expense	-	548	548	-	567	567
Pension expense						
Defined contribution plans	116,717	45,836	162,553	94,033	31,631	125,664
Defined benefit plans	-	2,332	2,332	-	7,153	7,153
Remuneration of directors and supervisors	-	2,070	2,070	-	2,010	2,010
Other employee benefits	20,526	27,052	47,578	2,359	23,391	25,750
Total employee benefits expense	$ 366,768	$ 201,295	$ 568,063	$ 383,390	$ 203,176	$ 586,566

As of December 31, 2020 and 2019, the Group's monthly average of employees was 1,116 and 1,207 employees, respectively, including 4 directors not concurrently serving as employees for both years. Employee benefits expense of both years is calculated based on the abovementioned number of employees.

The average employee benefits expense for the years ended December 31, 2020 and 2019 was $509 thousand and $486 thousand, respectively.

The average employee salary expense and bonuses for the years ended December 31, 2020 and 2019 was $317 thousand and $354 thousand, respectively. The average employee salary expense has decreased by 10%.

The remuneration of managers is decided by the board of directors. Directors, supervisors, and managers' salary remuneration should correspond with the financial performance. If there is a significant decline in profit or long-term loss, the salary remuneration should not be higher than that of last year. If it is higher than that of last year, reasonable description needs to be disclosed and presented in the shareholders' meeting.

h. Compensation of employees and remuneration of directors and supervisors

The Company accrued compensation of employees at rates between 0.1% and 10%, and accrued remuneration of directors and supervisors at rates no higher than 2% of the net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors on March 26, 2021 and March 24, 2020, respectively, are as follows:

Amount

	For the Year Ended December 31 2020	2019
Compensation of employees	$ 160	$ 240
Remuneration of directors and supervisors	1,200	1,200

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	**2019**
Foreign exchange gains	$ 53,041	$ 32,880
Foreign exchange losses	(25,189)	(48,394)
Net foreign exchange gains (losses)	$ 27,852	$ (15,514)

25. INCOME TAXES

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

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ 9,074	$ 10,571
Deferred tax		
In respect of the current year	2,094	4,073
Income tax expense recognized in profit or loss	$ 11,168	$ 14,644

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

	For the Year Ended December 31	
	2020	**2019**
Profit before tax from continuing operations	$ 128,452	$ 105,322
Income tax expense calculated at the statutory rate	$ 26,411	$ 25,952
Tax-exempt income	(2,219)	(2,339)
Deferred tax effect of earnings of subsidiaries	(18,380)	(13,014)
Unrecognized deductible temporary differences	5,356	4,045
Income tax expense recognized in profit or loss	$ 11,168	$ 14,644

The Company was established in the British Cayman Islands and is exempt from paying income tax.

The applicable tax rate used by Jinpao Precision Industry Co., Ltd. in Thailand was 20%. The applicable tax rate used by Jinpao Japan, Jinpao Europe, ADB, LUTEC and SPEM is operated by the government.

b. Current tax liabilities

	December 31 2020	December 31 2019
Current tax liabilities		
Income tax payable	$ 4,240	$ 49

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation loss	$ 2,337	$ 827	$ -	$ (120)	$ 3,044
Allowance for doubtful accounts	163	(153)	-	(9)	1
Defined benefit plans	2,083	1,769	-	(101)	3,751
	-	819	-	5	824
	$ 4,583	$ 3,262	$ -	$ (225)	$ 7,620
Deferred tax liabilities					
Temporary differences					
Retaining earning of subsidiaries	$ 38,544	$ 5,356	$ (3,611)	$ (2,057)	$ 38,232

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation loss	$ 2,389	$ (193)	$ -	$ 141	$ 2,337
Allowance for doubtful accounts	46	114	-	3	163
Defined benefit plans	1,919	51	-	113	2,083
	$ 4,354	$ (28)	$ -	$ 257	$ 4,583
Deferred tax liabilities					
Temporary differences					
Retaining earning of subsidiaries	$ 37,372	$ 4,045	$ (5,083)	$ 2,210	$ 38,544

d. Tax Exemption Information

Jinpao has been granted rights and privileges for the production of metal stamping, metal pieces and aircraft conversion under the Investment Promotion Act of B.E. 2520 (1977), summarized as follows:

1) The preferential measures granted under Certificate Number 1050(1)/2555 includes the following**:**

   - Exemption from import duties on machinery as approved by the Board of Investment.

   - Exemption from corporate income tax for the period of 8 years from the telecommunication income is first derived from the promoted activities which were on November 15, 2012.

   - In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.

   - Reduction from corporate income tax at 50% of normal rate for the period of 5 years after that period of 8 years from the date of the Company receiving the respective revenues.

2) The preferential measures granted under Certificate Number 1218(1)/2555 includes the following**:**

   - Exemption from import duties on machinery as approved by the Board of Investment.

   - Exemption from corporate income tax for the period of 8 years from the aircraft conversion income is first derived from the promoted activities which were on January 4, 2013.

   - In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.

   - Reduction from corporate income tax at 50% of normal rate for the period of 5 years after that period of 8 years from the date of the Company receiving the respective revenues.

3) The preferential measures granted under Certificate Number 61-0665-1-04-1-0 includes the following**:**

   - Exemption from import duties on machinery as approved by the Board of Investment.

   - Exemption from corporate income tax for the period of 3 years from the income is first derived from the promotion certificate which were on October 1, 2018. The deduction limit amount is 50% of the investment amount, excluding land price and working capital.

   - In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.

Jinpao has met the requirements stipulated by the Board of Investment.

The Company is exempt from paying tax since it was incorporated in the Cayman Islands. The corporate income tax of Jinpao, Jinpao Japan, ADB, LUTEC and SPEM of the group through 2019 has been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	**2019**
Profit for the year attributable to owners of the Company	$ 115,873	$ 91,402
Effects of potentially dilutive ordinary shares - convertible bonds	(512)	-
Earnings used in the computation of diluted earnings per share	$ 115,361	$ 91,402

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

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares used in the computation of basic earnings per share	43,664	39,568
Effects of potentially dilutive ordinary shares:		
Convertible bonds	3,839	-
Compensation of employees	6	6
Weighted average number of ordinary shares used in the computation of diluted earnings per share	47,509	39,574

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
SPEM	Surface treatment	January 8, 2020	90	$ 112,934

SPEM were acquired on January 8, 2020 in order to expand the Group’s operating scale, enhance the Group’s enhance and for tapping into the Europe market.

b. Consideration transferred

	SPEM
Cash	$ 112,934

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

	SPEM
Current assets	
Cash	$ 24,162
Trade receivables	24,205
Inventories	3,344
Other current assets	1,451
Non-current assets	
Land	436
Buildings	1,339
Equipment	22,066
Other intangible assets	63,028
Other non-current assets	186
Current liabilities	
Short-term borrowings	(4,731)
Trade payables	(6,623)
Other current liabilities	(19,418)
Non-current liabilities	
Net defined benefit liabilities	(5,966)
	$ 103,479

d. Goodwill recognized on acquisitions

	SPEM
Consideration transferred	$ 112,934
Plus: Non-controlling interest (10% in s)	10,348
Less: Fair value of identifiable net assets acquired	(103,479)
Goodwill recognized on acquisitions	$ 19,803

The goodwill recognized on the acquisitions of SPEM mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of SPEM.

The total amount of acquired goodwill is not tax-deductible.

e. Net cash outflow on the acquisition of subsidiaries

	SPEM
Consideration paid in cash	$ 112,934
Less: Cash and cash equivalent balances acquired	(24,162)
	$ 88,772

f. Impact of acquisitions on the results of the Group

Since the acquisition date, the results of the acquirees included in the consolidated statements of comprehensive income are as follows:

	SPEM
Revenue	$ 88,190
Profit	$ 12,184

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been $1,259,442 thousand, and the profit from continuing operations would have been $117,284 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. Key management personnel of the Group review the capital structure on an annual basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

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

December 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 180,633	$ 195,400	$ -	$ -	$ 195,400

December 31, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 186,681	$ 200,980	$ -	$ -	$ 200,980

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 152	$ -	$ 152
Investments in equity instruments at FVTOCI				
Overseas unlisted ordinary shares	$ -	$ -	$ 24,676	$ 24,676

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities	$ -	$ 4,804	$ -	$ 4,804
Investments in equity instruments at FVTOCI				
Overseas unlisted ordinary shares	$ -	$ -	$ 15,551	$ 15,551

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

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - redemption, repurchase, and conversion rights of convertible bonds.	The valuation of convertible bonds is based on a binary tree valuation model, the inputs include fluctuation of conversion price, risk free interest rate, discount rate, and liquidity risk.
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of overseas unlisted equity investments was determined using the market approach.

c. Categories of financial instruments

		December 31		
		2020		2019
Financial assets				
Financial assets at FVTOCI	$	24,676	$	15,551
Financial assets at FVTPL		152		-
Financial assets at amortized cost (1)		751,576		936,164
Financial liabilities				
Financial liabilities at FVTPL		-		4,804
Financial liabilities at amortized cost (2)		1,217,236		1,281,411

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, and trade receivables from related parties.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, trade and other payables, trade payables to related parties, current portion of long-term borrowings, bonds payable and long-term borrowings.

d. Financial risk management objectives and policies

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

1) Market risk

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

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The objective of the Group's foreign currency risk management is the trading of financial instruments for hedging purposes rather than for speculation.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to fluctuations in the US$.

The following table details the Group’s sensitivity to a 5% increase and decrease in the Thai Baht (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management’s assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign exchange denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the Thai Baht strengthening 5% against the relevant currency. For a 5% weakening of the Thai Baht against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ 6,090 *	$ 28,307 *

* This was mainly attributable to the exposure outstanding on US$ receivables and payables which were not hedged at the end of the reporting period.

b) Interest rate risk

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

The carrying amounts of the Group’s financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period are as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 74,554	$ 240,762
Financial liabilities	377,686	745,573
Cash flow interest rate risk		
Financial assets	203,275	396,231
Financial liabilities	578,439	371,958

Sensitivity analysis

The sensitivity analysis below was determined based on the Group’s exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group’s pre-tax profit for the years ended December 31, 2020 and 2019 would have (decreased)/increased by $(3,752) thousand and $243 thousand, respectively, which was mainly a result of variable-rate deposits and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. The Group has appointed a special team to monitor and consider the price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the Group's pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by $247 thousand and $156 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or factored trade receivables and insurance, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

The Group's concentration of credit risk of 75% and 30% of total trade receivables as of December 31, 2020 and 2019, respectively, was due to the Group's five largest customers.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group is creditworthy and maintains good relationships with financial institutions. Therefore, the Group has no issues when applying for financing facilities from financial institutions.

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

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

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

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 37,475	$ 242,958	$ 49,595	$ 143	$ -
Lease liabilities	634	1,267	5,703	35,803	23,920
Variable interest rate liabilities	-	-	293,364	309,522	-
Fixed interest rate liabilities	-	-	81,226	200,000	-
	$ 38,109	$ 244,225	$ 429,888	$ 545,468	$ 23,920

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 7,604	$ 35,803	$ 23,920	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 37,423	$ 102,011	$ 54,483	$ 19,391	$ -
Lease liabilities	376	752	16,256	21,007	45,823
Variable interest rate liabilities	-	-	141,714	137,215	-
Fixed interest rate liabilities	-	84,155	187,823	200,000	-
	$ 37,799	$ 186,918	$ 400,276	$ 377,613	$ 45,823

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 17,384	$ 21,007	$ 45,823	$ -	$ -

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

b) Financing facilities

	December 31	
	2020	2019
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	$ 679,125	$ 876,791
Amount unused	1,088,098	674,997
	$ 1,767,223	$ 1,551,788

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Hoo Thai Industrial Co., Ltd. (Hoo Thai)	Related party with the same board
Chin I Metal Co., Ltd. (Chin I)	Related party with the same board
Hong Yang Thailand Co., Ltd. (Hong Yang)	Related party with the same board

b. Sales of goods

	For the Year Ended December 31	
Related Party Category	2020	2019
Related party with the same board	$ 10,557	$ 10,000

The prices of goods sold to related parties were made with reference to the market prices and based on the contracts.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category	2020	2019
Related party with the same board	$ 29,279	$ 12,778

Purchases prices were based on markup of cost and calculated after consideration of the market prices.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Accounts receivable	Related party with the same board		
	Hoo Thai	$ 4,900	$ 1,700
	Chin I	512	63
		$ 5,412	$ 1,763

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

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	December 31 2020	December 31 2019
Accounts payable	Related party with the same board		
	Hoo Thai	$ 10,468	$ 3,348
	Chin I	25	79
	Hong Yang	2	-
		$ 10,495	$ 3,427

The outstanding trade payables to related parties are unsecured and will be settled in cash.

f. Acquisition of property, plant, and equipment

Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Related party with the same board		
Hoo Thai	$ -	$ 85

g. Disposals of property, plant and equipment

Related Party Category	Proceeds For the Year Ended December 31 2020	Proceeds For the Year Ended December 31 2019	Gain (Loss) on Disposal For the Year Ended December 31 2020	Gain (Loss) on Disposal For the Year Ended December 31 2019
Related party with the same board				
Hoo Thai	$ 190	$ 125	$ 190	$ 86

h. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31 2020	2019
Operating costs - rental and other expenses	Related party with the same board	$ 3,374	$ 2,822
Miscellaneous revenue	Related party with the same board	$ 670	$ 336
Other receivables (classified under other current assets)	Related party with the same board	$ 3	$ -
Other payables	Related party with the same board	$ 291	$ 238

Rental amounts of rental agreements with related parties were made with reference to the market prices and based on general payment terms.

Miscellaneous revenue and operating expenses from transactions with related were based on mutual agreement from both parties

i. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2020 and 2019 are as follows:

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 7,867	$ 8,081
Post-employment benefits	90	95
	$ 7,957	$ 8,176

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for banks and courts of law:

	December 31 2020	2019
Pledged deposits (classified as financial assets at amortized cost)	$ 74,554	$ 90,862
Property, plant and equipment, net amount	430,693	670,401
	$ 505,247	$ 761,263

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of Jinpao as of December 31, 2019 are as follows:

As of December 31, 2020 and 2019, the unpaid amounts from Jinpao's purchase of land, construction of new factories and purchase of equipment but whose contracts have been signed were $144,157 thousand and $99,010 thousand, respectively.

33. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, many countries around the world have implemented lockdown policies, which resulted in a shortage of airline flights. The lockdowns have caused delays in the Group's aerospace orders, which resulted in a decline in operating revenue for the year ended December 31, 2020. Although the domestic epidemic situation has slowed and the government's policies have been loosened, many countries are still under lockdown measures, the global economic situation continues to tighten, consumption patterns have changed, and the timing of the Group's operations returning to the normal operation is uncertain.

In response to the impact of the epidemic, the Group takes the following actions:

a. Adjust operating strategies

   Streamline organization's personnel, reduce the unnecessary management expenses, and postpone significant capital expenditure plans.

b. Government relief measures

   The Group continues to apply for various subsidies for its subsidiaries in different locations within the regulations of local governments.

34. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies of entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
US$	$ 4,400	29.9767 (US$:THB)	$ 126,054
EUR	361	36.4949 (EUR:THB)	12,566
			$ 138,620

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
US$	$ 148	29.9767 (US$:THB)	$ 4,249
EUR	8	36.4949 (EUR:THB)	277
			$ 4,526

(Concluded)

December 31, 2019cd

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
US$	$ 18,838	29.9767 (US$:THB)	$ 570,251
EUR	535	33.3775 (EUR:THB)	18,035
			$ 588,286
Financial liabilities			
Monetary items			
US$	136	29.9767 (US$:THB)	$ 4,116
EUR	48	33.3775 (EUR:THB)	1,631
			$ 5,747

The Group is mainly exposed to the US$ and EUR. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) are as follows:

	For the Year Ended December 31			
	2020		2019	
Foreign Currency	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Loss
THB	0.9496 (THB:NTD)	$ 27,852	1.0008 (THB:NTD)	$ (15,514)

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

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

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

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

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 5)

11) Information on investees (Table 6)

b. Information on investments in mainland China (None)

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" are as follows:

a. Segment revenue and results

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

	Total
For the year ended December 31, 2020	
Revenue from external customers	$ 1,259,442
Inter-segment revenue	-
Segment revenue	1,259,442
Eliminations	-
Consolidated revenue	$ 1,259,442

(Continued)

	Total
Segment income	$ 113,840
Non-operating income and expense	14,612
Income before income tax from continuing operations	$ 128,452

For the year ended December 31, 2019

Revenue from external customers	$ 1,437,581
Inter-segment revenue	-
Segment revenue	1,437,581
Eliminations	-
Consolidated revenue	$ 1,437,581
Segment income	$ 135,650
Non-operating income and expense	(30,328)
Income before income tax from continuing operations	$ 105,322

(Concluded)

Segment profit represents the profit before tax earned by each segment without allocation of interest income, gains or losses on disposal of property, plant and equipment, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group's valuation of assets and liabilities was not provided to the chief operating decision maker.

c. Other segment information

For the year ended December 31, 2020

	Molding and Metal Parts Department
Depreciation and amortization	$ 161,757

For the year ended December 31, 2019

	Molding and Metal Parts Department
Depreciation and amortization	$ 153,488

d. Revenue from major products and services

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

	For the Year Ended December 31	
	2020	**2019**
Founding mold and metal parts	$ 1,259,442	$ 1,437,581

e. Geographical information

The Group operates in the principal geographical areas - Thailand and France. The Group's revenue from continuing operations from external customers by location of operations and information are detailed in a) segment revenue and results.

f. Information about major customers

Included in revenue from the molding and metal parts department of $1,259,442 thousand and $1,437,581 thousand in 2020 and 2019, respectively, is revenue of approximately $260,723 thousand and $197,019 thousand, which arose from sales to the Group's largest customer. Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2020	**2019**
Customer A	$ 260,723	$ 159,308
Customer B	127,504	45,047
Customer C	72,216	197,019

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 1)	Ending Balance (Note 1)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	JPP Holding Company Limited	Jinpao Europe	Other receivables - related party	Yes	$ 118,573 (EUR 3,400)	$ - (EUR -)	$ - (EUR -)	Note 3	Short-term financing needs	$ -	Funding needs for short-term investments	$ -	None	$ -	$ 363,414 (20% of fair value of JPP Holding Company Limited)	$ 726,829 (40% of fair value of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	125,548 (EUR 3,600)	- (EUR -)	- (EUR -)	Note 4	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	363,414 (20% of fair value of JPP Holding Company Limited)	726,829 (40% of fair value of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	103,577 (EUR 2,970)	103,577 (EUR 2,970)	103,577 (EUR 2,970)	Note 4	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	363,414 (20% of fair value of JPP Holding Company Limited)	726,829 (40% of fair value of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	118,573 (EUR 3,400)	118,573 (EUR 3,400)	118,573 (EUR 3,400)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	363,414 (20% of fair value of JPP Holding Company Limited)	726,829 (40% of fair value of JPP Holding Company Limited)	Note 2
1	ADB	LUTEC	Other receivables - related party	Yes	3,487 (EUR 100)	- (EUR -)	- (EUR -)	Note 6	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	12,611 (20% of fair value of ADB)	25,222 (40% of fair value of ADB)	Note 2
		LUTEC	Other receivables - related party	Yes	3,487 (EUR 100)	- (EUR -)	- (EUR -)	Note 6	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	12,611 (20% of fair value of ADB)	25,222 (40% of fair value of ADB)	Note 2
		LUTEC	Other receivables - related party	Yes	2,790 (EUR 80)	2,790 (EUR 80)	2,441 (EUR 70)	Note 6	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	12,611 (20% of fair value of ADB)	25,222 (40% of fair value of ADB)	Note 2
2	Jinpao Europe	LUTEC	Other receivables - related party	Yes	9,765 (EUR 280)	9,765 (EUR 280)	9,765 (EUR 280)	Note 6	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	17,050 (20% of fair value of Jinpao Europe)	34,100 (40% of fair value of Jinpao Europe)	Note 2

Note 1: The financing facilities are approved by the board of directors of the Company and converted at the exchange rate on the balance sheet date.

Note 2: The transactions of the related parties have been eliminated in consolidated financial statements as of and for the year ended December 31, 2020.

Note 3: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M plus 1.50%.

Note 4: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M plus 1.95%.

Note 5: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M plus 2.00%.

Note 6: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M/6M plus 1.75%.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note)	Outstanding Endorsement/ Guarantee at the End of the Period (Note)	Actual Amount Borrowed (Note)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	Jinpao	JPP Holding Company Limited	3	$ 383,253 (20% of FV of JPP)	$ 114,165 (US$ 4,000)	$ - (US$ -)	$ - (US$ -)	$ -	0.00	958,133 (50% of FV of Jinpao)	N	Y	-	
		JPP Holding Company Limited	3	383,253 (20% of FV of JPP)	122,061 (EUR 3,500)	82,862 (EUR 2,376)	82,862 (EUR 2,376)	-	4.32	958,133 (50% of FV of Jinpao)	N	Y	-	
		JPP Holding Company Limited	3	383,253 (20% of FV of JPP)	94,161 (EUR 2,700)	94,161 (EUR 2,700)	94,161 (EUR 2,700)	-	4.91	958,133 (50% of FV of Jinpao)	N	Y	-	

Note: The limit of the guarantee amount has been approved by the board of directors of the Company, and the exchange rates are based on the rates at the end of the reporting period.

TABLE 3

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
JPP Holding Company Limited	Shares Superior Plating Technology Holding (Thailand) Co., Ltd.	None	Financial assets at FVTOCI - non-current	350	$ 24,676	6.98	$ 24,676	

TABLE 4

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
JPP Holding Company Limited	Jinpao Europe	Parent and subsidiary	$ 222,150 (EUR 6,370)	-	$ -	-	$ -	$ -

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	JPP Holding Company Limited	Jinpao Europe	a	Other accounts receivable	$ 222,150	Normal	6.85
		Jinpao Europe	a	Interests income	3,679	Normal	0.29
		Jinpao Europe	a	Interests receivable	3,788	Normal	0.12
1	Jinpao	LUTEC	c	Operating revenue	374	Normal	0.03
2	Jinpao Europe	LUTEC	c	Other accounts receivable	9,765	Normal	0.30
3	ADB	LUTEC	c	Other accounts receivable	2,441	Normal	0.08
4	SPEM	ADB	c	Operating revenue	15,028	Normal	1.19

Note 1: Business relationships between the parent and subsidiaries are numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered in order from 1.

Note 2: Relationship between parties is numbered as follows:

a. Parent to subsidiary.
b. Subsidiary to parent.
c. One subsidiary to another subsidiary.

Note 3: The percentage of consolidated operating revenue or consolidated total assets: For balance sheet accounts, the percentage is calculated by dividing the ending balance of the account by consolidated total assets; for income statement accounts, the percentage is calculated by dividing the ending balance of the account by the consolidated operating revenue.

Note 4: The disclosure of the significant transactions is determined by the materiality.

Note 5: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2020.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	%	Carrying Amount			
JPP Holding Company Limited	Jinpao Precision Industry Co., Ltd.	631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang, Samutprakarn 10280	Material parts design and manufacturing	$ 1,429,475 (THB 1,538,437 thousand)	$ 1,083,848 (THB 1,181,237 thousand)	70,975	99.99	$ 1,916,267	$ 120,095	$ 120,095	-
Jinpao	Jinpao Precision Japan Co., Ltd.	Vision Center Nihonbashi Fukushima Bldg. 2F, 1-5-3 Nihonbashimuromachi, Chuo-ku, Tokyo, 103-0022, Japan	Developing and selling metal processed products	6,489 (¥ 24,000 thousand)	6,489 (¥ 24,000 thousand)	0.48	80.00	584	(114)	(91)	-
	Jinpao Europe SAS	Zone Industrielle Pyrène Aéropôle, 65290 Louey	Metal parts manufacturing and milling	68,278 (EUR 1,900 thousand)	68,278 (EUR 1,900 thousand)	1,900	76.00	64,791	1,868	1,420	-
	Wefly Aero Co., Ltd	647 Moo 4 Soi 11 Phraska, A. Muang Samutprakan, 10280 Thailand	Aviation training	4,808 (THB 5,000 thousand)	1,751 (THB 1,750 thousand)	500	25.00	2,359	(7,318)	(1,829)	-
	I motor manufacturing Co., Ltd.	No. 13/43, MOO 3, T. Samet, A. Chonburi, Chonburi 20000, Thailand	Mobility vehicles manufacturing	6,355 (THB 6,650 thousand)	- -	66.5	33.25	6,355	-	-	-
	I motor marketing Co., Ltd.	No. 13/43, MOO 3, T. Samet, A. Chonburi, Chonburi 20000, Thailand	Mobility vehicles marketing and selling	2,675 (THB 2,800 thousand)	- -	28	28.00	2,675	-	-	-
Jinpao Europe SAS	Atelier de decolletage de Bigorre	Zone Industrielle Pyrène Aéropôle, 65290 Louey	Metal parts manufacturing and milling	151,770 (EUR 4,300 thousand)	151,770 (EUR 4,300 thousand)	6	100.00	138,382	966	966	-
	SAS LUTEC	27 Chemin Lou Tribail Zone Artisanale de Toctoucau CESTAS, 33610	Metal parts manufacturing and milling	52,943 (EUR 1,500 thousand)	52,943 (EUR 1,500 thousand)	418	100.00	41,394	287	287	-
	SPEM AERO SAS	6 Rue du Castelmouly, 65200 Bagnères-de-Bigorre	Surface treatment	112,934 (EUR 3,351 thousand)	- -	2.835	90.00	110,979	12,184	10,966	-

Note 1: Calculated based on the investees' audited financial statements for the same period and the Company's shareholding proportion.

Note 2: Except for Wefly, I motor manufacturing Co., Ltd. and I motor marketing Co., Ltd. the investment gain (loss) of the investee companies, investments accounted for using the equity method and net asset values between investee companies have been fully eliminated upon the preparation of the consolidated financial statements.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ho Sheng Holdings Co., Ltd.	6,698,599	15.34
Powell Group Co., Ltd.	5,195,408	11.89
Believing Power Co., Ltd.	4,105,747	9.40
Happy Forever International Ltd.	3,936,390	9.01
KC Billion Investment Co., Ltd.	2,678,920	6.13
Luckace Investments Limited	2,418,362	5.53

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