

Lingsen Precision Industries, LTD.
And Subsidiaries

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

Address: No. 5-1, S. 2nd Rd., Tanzi Dist., Taichung City
427058, Taiwan (R.O.C.)
TEL: (04)25335120

Table of Contents

	<u>Item</u>	<u>Page</u>	Financial reports <u>No. of Note</u>
1. Cover Page		1	-
2. Table of Contents		2	-
3. Representation letter		3	-
4. Independent Auditor's Report		4~7	-
5. Consolidated Balance sheet		8	-
6. Consolidated Statements of Comprehensive Income		9~11	-
7. Consolidated Statements of Changes in Equity		12	-
8. Consolidated of Statements of Cash Flows		13~14	-
9. Notes to Consolidated Financial Statements			
	(1) Company History	15	(1)
	(2) Approval Date and Procedures of The Financial Statements	15	(2)
	(3) New Standards, Amendments and Interpretations Adopted	15~18	(3)
	(4) Summary of Significant Accounting Policies	18~30	(4)
	(5) Significant Accounting Assumptions and Judgement, and Major Sources of Estimation Uncertainty	30	(5)
	(6) Explanation of Significant Accounts	30~59	(6)~(26)
	(7) Related-Party Transactions	59~60	(27)
	(8) Pledged Assets	60	(28)
	(9) Significant Commitments and Contingencies	60	(29)
	(10) Losses Due to Major Disasters	-	-
	(11) Subsequent Events	-	-
	(12) Information on Foreign-currency-denominated Assets And Liabilities	60~61	(30)
	(13) Other Disclosures		
	1. Information on Significant Transactions	61~62	(31)
	2. Information on Investees	62	(31)
	3. Information on Investment in Mainland China	62	(31)
	4. Information on Major Shareholders	62	(31)
	(14) Information on Department	62~64	(32)

Representation Letter

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2020, in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Company name: Lingsen Precision Industries, LTD.

Owner: Shu-Chyuan Yeh

March 18, 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.

Independent Auditors' Report

To Lingsen Precision Industries, LTD.

Opinion

We have reviewed the accompanying consolidated balance sheets of Lingsen Precision Industries, LTD. (the "Group") as at December 31, 2019 and 2020, and the related consolidated statements of comprehensive income as at 2020 and 2019, as well as the related statements of changes in equity and of cash flows for, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and consolidated cash flows at 2020 and 2019 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters of consolidated financial statements of 2020 are described below:

Revenue Recognition

The group's main revenue is from service income of wafer fabrication as well as packaging and final testing of the integrated circuit (IC), which is an index of business performance for the management. The authenticity of recognition is of most significance to the financial statements, for the authenticity of revenue recognition is a key audit matter. Refer to note 4 and 21 in the consolidated financial statements to see accounting policies related to revenue recognition.

Our audit procedures on the matters mentioned above mainly include:

1. understanding the selling model, evaluating the appropriateness of revenue recognition policy, evaluating and testing the effectiveness of the relevant internal control to the timing of revenue recognition in the sales cycle.
2. conducting detailed testing by sampling the sales receipts, reviewing delivery order, sales invoice and other related documents, further ascertaining whether the object is consistent, and sending a letter regarding to service income to that customer, in order to confirm the authenticity of service income.

Other Matters

We have audited and expressed an unqualified opinion with other matter section on the consolidated financial statements of Lingsen Precision Industries, LTD. as of and for the years ended December 31, 2020 and 2019.

Responsibilities of the 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," "International Accounting Standards," "International Financial Reporting Interpretations Committee," and "International Accounting Standards" accepted and effectively published by Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ROC GASS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the individual 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 controls.
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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the instruction, supervision and performance of the audit, and the presentation of the Group's 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 controls 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 the key audit matters of the consolidated financial statements of 2020. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Auditor Shu-Chin, Chiang

Auditor Ting-Chien, Su

Auditing and Attestation No
FSC No. 1000028068

Auditing and Attestation No
FSC No. 1070323246

March 18, 2021

Lingsen Precision Industries, LTD. and its subsidiaries
Consolidated Balanced Sheet
For the years ended December 31, 2020 and 2019

Amounts expressed in thousands of New Taiwan Dollars

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 1,373,024	18	\$ 1,704,790	21
1140	Contract assets - current (Note 4 and 21)	126,485	2	90,702	1
1150	Notes receivable (Note 4 and 21)	9,386	-	6,968	-
1170	Accounts receivable (Note 4, 8, and 21)	1,311,023	17	1,083,869	13
1200	Other receivables (Note 4 and 9)	304,193	4	371,287	5
1220	Current tax assets (Note 4 and 23)	3,081	-	18,622	-
1310	Inventories (Note 4 and 10)	336,114	4	345,377	4
1470	Other current assets (Note 4, 15 and 28)	224,834	3	184,580	2
11XX	Total current assets	<u>3,688,140</u>	<u>48</u>	<u>3,806,195</u>	<u>46</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 7)	38,981	1	31,527	-
1550	Investments accounted for using equity method (Note 4 and 12)	-	-	-	-
1600	Property, plant and equipment (Note 4, 13 and 28)	3,491,550	46	4,074,626	50
1755	Right-of-use assets (Note 4 and 14)	164,801	2	180,433	2
1840	Deferred tax assets (Note 4, 5 and 23)	91,305	1	107,228	1
1920	Refundable deposits (note 4)	935	-	924	-
1990	Other non-current assets (Note 3 and 15)	169,548	2	47,601	1
15XX	Total non-current assets	<u>3,957,120</u>	<u>52</u>	<u>4,442,339</u>	<u>54</u>
1XXX	Total assets	<u>\$ 7,645,260</u>	<u>100</u>	<u>\$ 8,248,534</u>	<u>100</u>
Code	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Note 4 and 16)	\$ 248,679	3	\$ 427,989	5
2170	Accounts payable	332,380	4	281,000	4
2200	Other payables (Note 17)	582,873	8	556,570	7
2230	Current tax assets (Note 4 and 23)	807	-	43	-
2250	Provision - current (Note 4 and 18)	19,450	-	12,378	-
2280	Lease liabilities (Note 4 and 14)	5,494	-	5,510	-
2320	Current portion of long-term liabilities (Note 4, 16 and 28)	486,287	7	399,043	5
2399	Other current liabilities	48,716	1	105,234	1
21XX	Total current liabilities	<u>1,724,686</u>	<u>23</u>	<u>1,787,767</u>	<u>22</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 4, 16 and 28)	577,589	7	903,267	11
2570	Deferred tax liabilities (Note 4 and 23)	1,156	-	893	-
2580	Lease liabilities - non current (Note 4 and 14)	152,251	2	167,111	2
2640	Defined benefit liability, net - non-current (Note 4 and 19)	54,241	1	77,356	1
2645	Guarantee deposits received	1,822	-	913	-
25XX	Total non-current liabilities	<u>787,059</u>	<u>10</u>	<u>1,149,540</u>	<u>14</u>
2XXX	Total liabilities	<u>2,511,745</u>	<u>33</u>	<u>2,937,307</u>	<u>36</u>
	Attributed to the owners of the Company				
3110	Common stock	3,801,023	50	3,801,023	46
3200	Capital surplus	1,384,604	18	1,451,696	18
	Retained earnings				
3310	Legal reserve	-	-	359,085	4
3320	Appropriated retained earnings	192,020	2	226,856	3
3350	Unappropriated retained earnings	(166,267)	(2)	(461,077)	(6)
3400	Other equity	(64,644)	(1)	(74,458)	(1)
3500	Treasury stocks	(199,828)	(2)	(176,415)	(2)
31XX	Owner's equity	<u>4,946,908</u>	<u>65</u>	<u>5,126,710</u>	<u>62</u>
36XX	Non-controlling interests	<u>186,607</u>	<u>2</u>	<u>184,517</u>	<u>2</u>
3XXX	Total equity	<u>5,133,515</u>	<u>67</u>	<u>5,311,227</u>	<u>64</u>
	Total liabilities and equity	<u>\$ 7,645,260</u>	<u>100</u>	<u>\$ 8,248,534</u>	<u>100</u>

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

Lingsen Precision Industries, LTD. and its subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019

Amounts expressed in thousands of New Taiwan Dollars, only
except for loss per share

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 4 and 21)	\$ 5,457,586	100	\$ 4,719,390	100
5000	Operating costs (Note 10 and 22)	<u>5,158,502</u>	<u>95</u>	<u>4,783,009</u>	<u>101</u>
5900	Gross profit (Loss)	<u>299,084</u>	<u>5</u>	<u>(63,619)</u>	<u>(1)</u>
	Operating expenses (Note 22)				
6100	Selling expenses	54,894	1	56,408	1
6200	Administrative expenses	240,974	4	262,313	6
6300	Research and development expenses	166,697	3	184,672	4
6450	Expected credit losses (including reversals of impairment losses or impairment gains) (Note 4 and 8)	<u>49</u>	<u>-</u>	<u>12,556</u>	<u>-</u>
6000	Total operating expenses	<u>462,614</u>	<u>8</u>	<u>515,949</u>	<u>11</u>
6900	Net operating income (loss)	<u>(163,530)</u>	<u>(3)</u>	<u>(579,568)</u>	<u>(12)</u>
	Non-operating income and expenses				
7100	Interest revenue	6,821	-	10,178	-
7110	Rent Income (Note 4 and 14)	18,906	-	7,254	-
7130	Dividend income	1,165	-	4,731	-
7190	Other income	52,855	1	31,089	1
7510	Interest expense (note 4)	(18,563)	-	(19,578)	(1)
7590	Miscellaneous expenses	(459)	-	(1,808)	-
7610	Interest of disposal of property, plant, and equipment (Note 4)	484	-	(47)	-
7670	Impairment loss	(47,456)	(1)	-	-
7630	Exchange gains or losses (note 4)	<u>3,361</u>	<u>-</u>	<u>(1,167)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>17,114</u>	<u>-</u>	<u>30,652</u>	<u>-</u>

(Continued)

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7900	Loss from continuing operations before income tax	(\$ 146,416)	(3)	(\$ 548,916)	(12)
7950	Total tax expense (Note 4 and 23)	(16,724)	-	(3,215)	-
8200	Net loss	(163,140)	(3)	(552,131)	(12)
	Other comprehensive income and loss (Note 4)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurements of the defined benefit plan (Note 19)	1,828	-	12,139	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	7,454	-	(3,373)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 23)	(366)	-	(2,428)	-
		8,916	-	6,338	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(139)	-	(7,906)	-
8300	Other comprehensive income, net	8,777	-	(1,568)	-
8500	Total comprehensive income	(\$ 154,363)	(3)	(\$ 553,699)	(12)
	Net income (loss) is attributed to:				
8610	Owners of the Company	(\$ 164,343)	(3)	(\$ 552,011)	(12)
8620	Non-controlling interests	1,203	-	(120)	-
8600		(\$ 163,140)	(3)	(\$ 552,131)	(12)
	The total comprehensive income is attributed to:				
8710	Owners of the Company	(\$ 155,566)	(3)	(\$ 553,579)	(12)
8720	Non-controlling interests	1,203	-	(120)	-
8700		(\$ 154,363)	(3)	(\$ 553,699)	(12)

(Continued)

(Continued)

<u>C o d e</u>		2020		2019	
		<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
	Loss per share (Note 24)				
9750	Basic earnings per share	(\$ 0.44)		(\$ 1.47)	
9850	Diluted earnings per share	(\$ 0.44)		(\$ 1.47)	

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

Lingsen Precision Industries, LTD. and its subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019

Amounts expressed in thousands of New Taiwan Dollars

		Attributed to the owners of the Company										
		Retained earnings (Note 20)					Other equity (Note 4)					
		Common Stock	Capital surplus			Unappropriated earnings	Transaction difference on translation of financial statements of foreign operation	Unrealized gains or losses of financial assets through other comprehensive income At fair value				
Code		(Note 20)	(Note 20)	Legal reserve	Appropriated retained earnings	(Unappropriated retained earnings) (Note 4 and 7)			Treasury stocks (Note 20)	Total Equity	Non-controlling interests (Note 20)	Total equity
A1	Balance as of January 1, 2019	\$ 3,801,023	\$ 1,526,473	\$ 359,085	\$ 127,687	\$ 218,641	(\$ 14,127)	(\$ 87,301)	(\$ 176,415)	\$ 5,755,066	\$ 184,637	\$ 5,939,703
	Appropriation and distribution of retained earnings											
B3	Appropriated retained earnings	-	-	-	99,169	(99,169)	-	-	-	-	-	-
	Other changes of capital surplus											
C3	Donation from shareholders	-	92	-	-	-	-	-	-	92	-	92
C15	Cash dividends from capital surplus	-	(76,000)	-	-	-	-	-	-	(76,000)	-	(76,000)
M1	Adjustment of capital surplus dividends to subsidiaries	-	1,131	-	-	-	-	-	-	1,131	-	1,131
D1	Net loss in 2019	-	-	-	-	(552,011)	-	-	-	(552,011)	(120)	(552,131)
D3	Other comprehensive income in 2019	-	-	-	-	9,711	(7,906)	(3,373)	-	(1,568)	-	(1,568)
D5	Total comprehensive income in 2019	-	-	-	-	(542,300)	(7,906)	(3,373)	-	(553,579)	(120)	(553,699)
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(38,249)	-	38,249	-	-	-	-
Z1	Balance as of December 31, 2019	3,801,023	1,451,696	359,085	226,856	(461,077)	(22,033)	(52,425)	(176,415)	5,126,710	184,517	5,311,227
	Appropriation and distribution of retained earnings											
B1	Legal reserve	-	-	(359,085)	-	359,085	-	-	-	-	-	-
B3	Appropriated retained earnings	-	-	-	(34,836)	34,836	-	-	-	-	-	-
B5	Cash dividends of shareholders	-	-	-	-	-	-	-	-	-	-	-
	Other changes of capital surplus											
C3	Donation from shareholders	-	64	-	-	-	-	-	-	64	-	64
C11	Capital surplus used to cover accumulated deficits	-	(67,156)	-	-	67,156	-	-	-	-	-	-
D1	Net profit(loss) at 2020	-	-	-	-	(164,343)	-	-	-	(164,343)	1,203	(163,140)
D3	Other comprehensive income after taxes in 2020	-	-	-	-	1,462	(139)	7,454	-	8,777	-	8,777
D5	Total comprehensive income in 2020	-	-	-	-	(162,881)	(139)	7,454	-	(155,566)	1,203	(154,363)
L1	Treasury Stock Acquired (Note 20)	-	-	-	-	-	-	-	(23,413)	(23,413)	-	(23,413)
M7	Changes in ownership interests in subsidiaries	-	-	-	-	(887)	-	-	-	(887)	887	-
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(2,499)	-	2,499	-	-	-	-
Z1	Balance as of December 31, 2020	\$ 3,801,023	\$ 1,384,604	\$ -	\$ 192,020	(\$ 166,267)	(\$ 22,172)	(\$ 42,472)	(\$ 199,828)	\$ 4,946,908	\$ 186,607	\$ 5,133,515

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

Lingsen Precision Industries, LTD. and its subsidiaries

Consolidated of Statements of Cash Flows

For the years ended December 31, 2020 and 2019

Amounts expressed in thousands of New Taiwan Dollars

C o d e		2020	2019
	Cash flows from operating activities		
A10000	Net loss before tax	(\$ 146,416)	(\$ 548,916)
	Adjustment items		
A20100	Depreciation expenses	824,680	902,324
A20300	Expected credit losses	49	12,556
A20900	Interest expenses	18,563	19,578
A21200	Interest revenue	(6,821)	(10,178)
A21300	Dividend Income	(1,165)	(4,731)
A22500	Disposal of loss of property, plant, and equipment	(484)	47
A23700	Inventory falling price loss	44,673	1,799
A23700	Loss of property, plant, and equipment	47,456	-
A24100	Net unrealized foreign exchange loss	(7,850)	1,508
A29900	Amortization of prepayments	4,941	4,401
A32200	Provision	7,072	292
A30000	Net changes in operating assets and liabilities		
A31125	Contract Assets	(35,593)	(2,992)
A31130	Notes receivable	(2,377)	3,928
A31150	Accounts receivable	(229,426)	(11,182)
A31180	Other receivables	64,099	139,762
A31200	Inventories	(35,065)	(40)
A31240	Other current assets	(40,177)	11,534
A32150	Accounts payable	53,064	79,137
A32180	Other payables	55,985	2,525
A32230	Other current liabilities	(56,518)	79,555
A32240	Net defined benefit liabilities	(21,287)	(46,163)
A33000	Cash generated from operations	537,403	634,744
A33100	Interest received	7,388	10,305
A33300	Interest paid	(17,919)	(18,515)
A33500	Income tax paid	15,394	(15,310)
AAAA	Net cash provided by (used in) operating activities	542,266	611,224

(Continued)

(Continued)

<u>C o d e</u>		<u>2020</u>	<u>2019</u>
	Cash flows from investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 11,751
B02700	Acquisition of property, plant, and equipment	(307,696)	(462,324)
B02800	Disposal of property, plant, and equipment	5,901	10
B03700	Increases in refundable deposits	(7)	-
B03800	Decreases in refundable deposits	-	1,047
B06700	Increases in other non-current assets	(9,835)	(4,347)
B07100	Increase in prepayments for business facilities	(123,707)	(17,840)
B07600	Dividends received	<u>1,165</u>	<u>4,731</u>
BBBB	Net cash provided by (used in) investing activities	(<u>434,179</u>)	(<u>466,972</u>)
	Cash flow from financing activities		
C00100	Increases in short-term loans	1,561,937	1,115,005
C00200	Decreases in short-term loans	(1,734,745)	(831,244)
C01600	Long-term borrowings	169,500	548,000
C01700	Repayments of long-term debt	(407,934)	(405,882)
C03000	Increases in guarantee deposits received	909	-
C03100	Decreases in guarantee deposits received	-	(11)
C04020	Payments of lease liabilities	(6,831)	(8,156)
C04500	Cash dividends paid	-	(74,869)
C04900	Treasury stocks acquired	(23,413)	-
C09900	Unclaimed dividend	<u>64</u>	<u>92</u>
CCCC	Net cash provided by (used in) financing activities	(<u>440,513</u>)	<u>342,935</u>
DDDD	Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>660</u>	(<u>1,841</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(331,766)	485,346
E00100	Cash and cash equivalents at beginning of period	<u>1,704,790</u>	<u>1,219,444</u>
E00200	Cash and cash equivalents at end of period	<u><u>\$1,373,024</u></u>	<u><u>\$1,704,790</u></u>

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

Lingsen Precision Industries, LTD. and its subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(Amounts Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

(1) Company History

Lingsen Precision Industries, LTD. (the Company) was established in Taichung Export Processing Zone in April 1973 and began its operation in July 1973. The main business is IC packing and testing as well as optoelectronic devices.

In April 1998, the company's shares were listed on the Taiwan Stock Exchange (TWSE).

The consolidated financial statements were expressed in New Taiwan dollars, which is the Company's functional currency.

(2) Approval Date and Procedures of the Consolidated Financial Statements

These consolidated financial statements were approved by the Board of Directors on March 18, 2021.

(3) Application of New Standards, Amendments 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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Application of aforementioned amendments will not have a significant effect on the Company and controlled entities (the Group)'s accounting policies.

- b. IFRSs endorsed by FSC applicable in 2021

New standards, amendments, and interpretations	Effective date issued by
	I A S B
Amendments to IFRS 4, 'Extension of the Temporary Exemption from Applying IFRS 9'	effect on the date of issuance
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest rate benchmark reform - Phase II'	Effective for annual periods beginning on or after January 1, 2021
Amendments to IFRS 16 'COVID-19-Related Rent Concessions'	Effective for annual periods beginning on or after June 1, 2020

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

New standards, amendments, and interpretations	Effective date issued by I A S B (N o t e 1)
'Annual Improvements 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 'dealing with the sale or contribution of assets between an investor and its joint venture or associate'	Not yet determined
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 periods beginning on or after their respective effective dates.

Note 2: Amendments to IFRS 9 are applicable to the exchange of financial liabilities or revision of agreements during the periods beginning on or after January 1, 2022. Amendments to IAS 41, 'Agriculture' are applicable to the fair value at the periods beginning on or after January 1, 2022. Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' are applicable at the periods beginning on or after January 1, 2022.

Note 3: Amendments are applicable to the merge and acquisition at the periods beginning on or after January 1, 2022.

Note 4: Amendments are applicable to plant, property and equipment in and under necessary places and conditions which meet the operation way expected from the management at the periods beginning on or after January 1, 2021.

Note 5: The Amendments are applicable to all contracts which have not fulfilled obligations on January 1, 2022.

Note 6: The amendments are applicable for annual periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to the changes on accounting estimates and accounting policies for annual periods beginning on or after January 1, 2023.

1) Amendments to IAS 1 'Disclosure of Accounting Policies'

The amendments state that the Group shall follow the definition of significance and the information on significant accounting policies to be disclosed. The information on accounting policies is of big significance If it is expected that the information is able to affect policies made on the basis of such financial statements by the major user of general financial statements. The amendments declare that:

- It is unnecessary that the Group discloses the information on insignificant transactions, other events or conditions which is of no significance to accounting policies.
- The Entities may judge that the related information is significant due to the nature of transactions, other events or conditions, even if the amount is not material.
- Not all accounting policies regarding to material transactions, other events or conditions are themselves material to the financial statements.

Additionally, those amendments explain that if the information relates to significant transactions, other events or conditions and meets the following matters, it may be of big significance:

- (1) is changed during the period and affect the significance of financial statements,
- (2) is chosen from alternatives permitted by IFRS Standards,
- (3) is developed in accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' in the absence of an IFRS Standard that specifically applies,
- (4) requires to be determined by preliminary judgement or assumptions, or
- (5) relates to complex accounting, and users of the financial statements would otherwise not understand the relating transactions, other events or conditions.

2) Amendments to IAS 8 'Definition of Accounting Estimates'

The amendments state that accounting estimates are amount affected by measurement uncertainty in financial statements. The Entities may have to measure the figures in financial statements using the amount which cannot be observed directly and need to be estimated when it applies the accounting policies. Hence, valuation techniques and the inputs are used in the estimates for this purpose. Changes on valuation techniques and the inputs are changes on accounting estimates if they are not corrections of prior period errors.

Addition to the aforementioned influences, up to the reporting date, the Group will continue evaluating other influences on financial status and performance resulting from amendments to rules or explanations. The related influences are to be disclosed once the evaluation is accomplished.

(4) Summary of Significant Accounting Policies

a. Compliance statement

The preparation of the consolidated financial statements is based on the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs accepted and effectively published by Financial Supervisory Commission.

b. Basis of preparation

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

The fair value measurement is categorized into different levels hierarchy based on the observability and significance of inputs:

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

c. Criteria for classifying assets and liabilities into current and non-current

Current assets include:

1. the asset primarily for the purpose of trading,
2. the asset expected to be realized within twelve months after the date of statement of financial position, and
3. cash and cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of statement of financial position.

Current liabilities include:

1. the liability primarily for the purpose of trading,
2. liabilities expected to be settled within twelve months after the maturity of the debt, even if the liability at the date of statement of financial position to complete the long-term refinancing prior to the financial statements or reschedule payment agreement, and

3. liabilities not having an unconditional right to defer settlement for at least twelve months after the date of statement of financial position.

If none of the above criteria is met, the liability or asset is 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 (subsidiaries). Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. Subsidiaries' total amount of comprehensive income are attributed to the Company's owner interests and non-controlling interests, even the non-controlling interests are made as loss in balance.

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

See Note 11 and Table 4 and 5 for details of subsidiaries, percentage of ownership and business.

e. Foreign currency

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

Foreign currency monetary amount is translated at the closing rate at each date of the balance sheet. Exchange differences arising from settlement or translation are recognized as profit or loss at the period.

Non-monetary foreign currencies held at fair value at the exchange rates prevailing at the date of transaction; however, non-monetary foreign currencies held at fair value through other comprehensive income are recognized in other comprehensive income.

Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not calculated again.

In preparing the consolidated financial statements, assets and liabilities from foreign operations, including subsidiaries whose location or currency are different from the Company, are translated into the presentation currency, the New Taiwan dollar, at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates at the period. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owner and non-controlling interests, respectively.

If the Group disposes all equity in foreign operations, parts of equity in foreign operations' subsidiaries but loses its control, or retained equity in foreign operations' associates are financial assets and treated under accounting policies relating to financial instruments, all accumulated exchange differences attributed to the Company' owner and associated with foreign operations are reclassified to profit or loss.

If a partial disposal of foreign operations' subsidiaries do not result in a loss of control, accumulated exchange differences are reclassified to the subsidiary's controlling interests and not recognized as profit or loss. Under any disposal of foreign operations, accumulated exchange differences are reclassified to profit or loss in disposal proportion.

f. Inventories

Inventories include raw materials, work in process, finished good Inventory and products. Inventories are stated at the lower of cost or net realizable value. The lower of cost and net realizable value is based on the individual inventory items. Net realized value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The inventory cost is measured by using First In, First Out.

g. Investments in associates

The associates are entities which are material to the Group, but not subsidiaries or joint venture companies.

Investments in the associates are accounted for using the equity method.

Under the equity method, an investment is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associates as well as the distribution received. The Company also recognizes its share in the changes in equities of associates.

The Entities discontinue recognizing its share of further losses if its share of losses of the associate equals or exceeds its interest in the associate. The Entities recognizes the additional losses and liabilities which occur in the scope of legal obligation, constructive obligation or payment on behalf of the associates only.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss does not amortized to any assets as 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.

h. Property, plant, and equipment

The property, plant and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment in the course of construction for production are recognized as the cost, which includes professional service fees and borrowing costs eligible for capitalization. When completed and ready for intended use, such assets are classified to the appropriate categories of property, plant and equipment, and depreciation of these assets commences.

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

When the derecognition of property, plant and equipment commences, the difference between and the net disposal proceeds and the carrying amount is recognized as the gain or loss.

i. Impairments of related assets including property, plant and equipment, right-of-use assets and contract cost

At the end of each reporting period, the Group reviews whether there is any indication that its property, plant and equipment, right-of-use assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated. 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.

Recoverable amount is the higher one of which the fair value less costs to sell

and its use value. If the recoverable amount of individual assets or cash-generating units is lower than its carrying amount, it would be decreased to its recoverable amount and the impairment loss is recognized in profit or loss.

Inventories recognized in customers' contracts are recognized as impairment loss in accordance with Inventory write off policy and the aforementioned regulations. Subsequently, the excess of carrying amount of assets associated with contract cost over the price received from providing relevant products or service, less direct relevant costs, is recognized as impairment loss. Then the carrying amount of assets associated with contract cost is computed to its cash-generating unit to evaluate the impairment losses on cash-generating unit.

When impairment loss subsequently reverses, the carrying amounts of the asset, cash-generating units or contract cost and related assets are increased to the revised recoverable amounts. However, the increased carrying amounts shall not exceed the carrying amounts of the asset, cash-generating units or contract cost and related assets which were not recognized as impairment loss at the past period (less amortization or depreciation). The reversal of impairment loss is recognized as profit or loss.

j. Financial instruments

Financial assets and liabilities shall be recognized in the consolidated financial statements when the Company becomes a party to the contractual provisions of the instruments.

At initial recognition, the financial assets and liabilities are measured at its fair value. In the case of the financial assets and liabilities not at fair value through profit or loss, transaction costs are directly attributable to the acquisition or issue of financial assets and financial liabilities. 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.

Financial assets

Regular way purchase and sale of financial assets are recognized and derecognized using trade date accounting.

1) Classification of measurement

Financial assets held by the Group are classified to financial assets measured at amortized cost and investments in equity instruments measured through other comprehensive income at fair value.

(1) Financial assets measured at amortized cost

The Entities' financial assets are measured at amortized cost if both of the following conditions are met:

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

Financial assets measured at amortized cost include cash and cash equivalent, contract assets, note receivables, account receivables, other receivables, other current assets and refundable deposits. When the recognition commences, effective interest method is used to determine the carrying amount less any amortized cost of depreciation. Any exchange gains and losses are recognized as gains and losses.

Credit losses on financial assets are significant financial difficulty of the issuer or borrower, a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset because of financial difficulties.

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and acquired within three months.

(2) Investments in equity instruments measured at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate investments in equity instruments that is not held for trading and not recognized as contingent consideration as at FVTOCI.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. on disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and no reclassified to profit or loss.

The dividend from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss upon the Group's right to receive payment is established, except for apparently the dividend representing the recovery of the partial investment cost.

2) Impairments of financial assets and contract assets

At the date of each balance sheet, the Group reviews expected credit losses to estimate the impairment loss of financial assets, including notes receivable, and contract assets measured at amortized cost.

The loss allowance for accounts receivable is measured at an amount equal to useful lives expected credit losses. Other financial assets shall be evaluated if credit risk increases significantly after recognition. When the credit risk has not increased, a loss allowance is recognized at an amount equal to expected credit loss within 12 months. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Expected credit losses are weighted average credit losses with the probability of default events. 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal controls on credit risk, without considering the collaterals it holds, the Company determines the following events as a breach of contract:

- (1) There is internal or outside information prevails that it is not possible the borrower pays off the debt.
- (2) The overdue exceeds the average credit period, unless there is reasonable and evidencable information prevails the extent of a breach of contract is more appropriate.

All impairment losses on financial assets is decreased its carrying amount through contra accounts.

3) Derecognition of financial assets

The Entities derecognize the financial assets only when the contractual

rights to the cash flows from the financial assets expire, or when they transfer the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity.

On derecognition of financial assets 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 Investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Financial Liabilities

1. Follow-up measurement

Financial liabilities are measured at amortized cost using effective interest method.

2. Derecognition of financial liabilities

On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable , including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

k. Provision

The amount recognized as a provision is, taking risk and uncertainty of obligation into consideration, the best estimate of the expenditure required to settle the obligation at the date of balance sheet.

l. Revenue recognition

The Entities allocate the transaction price to each performance obligation and recognizes the revenue when each of the obligation is satisfied after the customer has identified it.

1) Sales revenue

Sales revenue comes from the sale of semiconductor materials. Since the clients are eligible for pricing and using the products as well as responsible for reselling and taking the risk of depreciation upon the delivery of semiconductor materials, the Company shall recognize the revenue and accounts receivable upon the sale.

2) Service Income

Service Income comes from packaging and final testing.

When the customer simultaneously receives and consumes the benefits provided by the Group's performance of packaging and final testing service, or the customer controls an asset which the Group's performance has created or enhanced, the related revenue is recognized. Packing and final testing of products counts on involvement of technicians. The Entities measure the work in progress by the percentage of completion. The contract with customer states that the customer will be billed after the packing and final testing or the delivery is completed. A contract asset is thus recognized when the Group renders the service and transfers to accounts receivable when the packing and final testing or delivery is completed. Final testing counts on the involvement of technicians. The Company measures the work in progress by the percentage of completion. Contract customer will be billed after the completion of service, and the Group will recognize accounts receivable when rendering the service.

m. Lease

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

a. The Entities as lessor

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

The sublease of right-of-use assets is classified by reference to right-of-use assets, instead of underlying assets. However, if the main lease is short-term lease applicable to recognition exemption, such sublease is classified as operating leases.

Under the operating lease, lease payments less lease incentives granted are recognized as revenue on a straight-line basis. The initial direct cost which occurs on granting operating leases is the carrying amount accumulated to the underlying assets and is recognized as expense on a straight of line basis.

b. The Entities as lessee

Except for payments for low-value asset leases and short-term leases applicable to exemption of recognition are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the

initial measurement of lease liabilities, lease payments made before commencement date less lease incentives granted, initial direct costs as well as estimated costs to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and the default fine arises from lease termination. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the 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 a change in a lease term, 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 as profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing Costs

Borrowing Costs requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, that necessarily takes a substantial period of time to get ready for its intended use or sale, are included in the cost of the asset.

Where funds are borrowed specifically, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Other borrowing costs at the period are recognized as profit or loss.

o. Government grants

A government grant is recognized only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received.

The grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as profit or loss in the period in which it is receivable.

p. Employee benefits

a. Short-term employee benefits

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

b. Pensions

For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which 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 liability represents the actual deficit in the Group's defined benefit plan. Net defined benefit liability shall not exceed the present value of refunds from the plan or reductions in future contributions to the plan.

q. Income tax

The provision for income tax recognized in profit or loss comprises current and deferred tax.

a. Current tax

The Group has determined the current income (losses) and calculated taxes payable (receivable) in accordance with regulations established by the jurisdiction for tax return.

According to Income Tax Act in Republic of China, an additional income tax levied at undistributed surplus earnings are recognized in shareholders'

annual meeting.

Income tax payable for prior period is adjusted to the current income tax

b. Deferred tax

Deferred tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for deductible temporary differences or loss carryforwards to the extent that taxable profit is probably available.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the date of balance sheet 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 deferred tax asset to be recovered. The deferred tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of 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 year in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that arise from the manner in which the Group expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except the

current and deferred tax that relates to items recognized in other comprehensive income or directly in equity are recognized respectively in other comprehensive income or directly in equity.

(5) Significant Accounting Assumptions and Judgement, And Major Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the 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 experiences and other factors that are considered relevant. Actual results may differ from these estimates.

The Group has taken COVID-19 into consideration on significant accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimates are revised if the revisions affect only that period. If revisions affect both current and future periods, the accounting estimates are recognized in the current and future periods.

Major source of estimates and assumption uncertainty

a. Loss of property, plant, and equipment

Equipment relevant to semiconductor manufacturing is evaluated in accordance with the recoverable amount of such equipment (equal to the fair value of such asset less cost to sell and the higher amount of its use value). Market value or future changes in cash flow will affect the recoverable amount, resulting in the Group recognizing addition impairment losses or reversing impairment losses recognized.

b. Income tax

Upon the end of 2020, the balance of unused loss carryforwards is NT\$2,132,209,000. The carrying amount of deferred tax assets related to unused tax losses is NT\$55,999,000 and the carrying amount of deferred tax assets related to temporary differences is NT\$35,306,000. The realization of the deferred tax asset depends mainly on its future profitability or the taxable temporary difference. A significant reversal of deferred tax assets will be recognized as gain or loss if the real profits in the future are less than expected.

(6) Cash and cash equivalent

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on Hand and Petty Cash	\$ 541	\$ 550
Check and Demand deposit	722,557	788,736
Cash equivalent		

Time deposits	499,000	764,996
Short-Term Notes and Bills	150,926	150,508
	<u>\$ 1,373,024</u>	<u>\$ 1,704,790</u>
<u>Annual percentage rate(%)</u>		
Cash in Banks	0.001-0.05	0.001-0.38
Time deposits	0.34-2.1	0.22-2.1
Short-Term Notes and Bills	0.23	0.45

(7) Financial assets at fair value through other comprehensive income - non-current

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Listed and OTC stocks</u>		
ETREND Hightech Corp.	\$ 6,795	\$ 5,232
<u>Emerging stocks</u>		
Enrich Tech Co., Ltd.	25,994	20,297
Amtek Semiconductors Co., Ltd.	6,192	5,362
Anwell Semiconductor Co., Ltd.	-	636
Perfect Source Technology Corp.	-	-
Xpert Semiconductor Inc.	-	-
	<u>\$ 38,981</u>	<u>\$ 31,527</u>

The Group invests the aforementioned common stocks in accordance with long-term strategic objectives and expects to profit from long-term investments. The management of the Group considers if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned long-term investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.

Anwell Semiconductor Co., Ltd. had discontinued business in October 2020.

Perfect Source Technology Corp. had been liquidated and cancelled the registration in May 2020. The Group had received liquidating distribution of NT\$2,000 in October 2020 and will dispose financial assets measured at fair value through other comprehensive income. The realized loss of NT\$2,499,000 will be transferred to the retained earnings.

(8) Accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Amortized cost</u>		
Total carrying amount	\$ 1,330,691	\$ 1,103,474
Less: Allowance for bad debts	(19,668)	(19,605)
	<u>\$ 1,311,023</u>	<u>\$ 1,083,869</u>

The average collection period for selling products and rendering service is 60 to 90

days, excluding accounts receivable. Credit of key customers is rated by using other public available financial information and historic transaction records. The Group continues supervising credit risk exposure and credit rating of the counterparty, as well as distributing the total transaction amount into different qualified customers. In addition, the management shall review and approve counterparty's line of credit for the purpose of managing credit risk exposure.

To mitigate credit risk, the management of the Group has designated functional working group responsible for decision on line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue accounts receivable. In addition, the collectible amount of accounts receivable shall be reviewed individually at the date of balance sheet to ensure the uncollectible accounts receivable has been listed to appropriate impairment loss. According these, the management considers the Group's credit risk has significantly decreased.

The loss allowance for accounts receivable is measured at an amount equal to useful lives expected credit losses. For the useful lives expected credit losses, customers' default on records and present financial position, economic trends, as well as GDP expectation and industry outlook are considered. The experience on the Group's credit losses presents that types of loss on different customer groups do not bring obvious differences. Thus the rate of expected credit losses is set based on accounts receivable aging, without further grouping customers.

If any evidence shows the counterparty faces significant financial difficulty and the collectible amount cannot be reasonably expected, the Group will directly offset the relevant accounts receivable but keep track of the receivables. The recovered amount is recognized in profit or loss.

The loss allowance for accounts receivable is measured as follows:

	0-90 days	Aging 91-180 days	Aging 181-365 days	Aging over 365 days	Total
<u>December 31, 2020</u>					
Expected credit loss(%)	0.1-0.2	2-3.1	10-15.5	100	
Total carrying amount	\$ 1,283,491	\$ 29,242	\$ -	\$ 17,958	\$ 1,330,691
Allowance for loss	(1,175)	(535)	-	(17,958)	(19,668)
Amortized cost	<u>\$ 1,282,316</u>	<u>\$ 28,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,311,023</u>
<u>December 31, 2019</u>					
Expected credit loss(%)	0.1-0.2	2-3.1	10-15.5	100	
Total carrying amount	\$ 1,061,046	\$ 23,289	\$ 1,031	\$ 18,108	\$ 1,103,474
Allowance for loss	(975)	(427)	(95)	(18,108)	(19,605)
Amortized cost	<u>\$ 1,060,071</u>	<u>\$ 22,862</u>	<u>\$ 936</u>	<u>\$ -</u>	<u>\$ 1,083,869</u>

Changes on allowance for accounts receivable loss are as below:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 19,605	\$ 7,096
Current impairment losses	49	12,556
Exchange differences on translation	<u>14</u>	<u>(47)</u>
Balance at the end of the year	<u>\$ 19,668</u>	<u>\$ 19,605</u>

(9) Other receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Time deposits with an initial maturity of more than three months	\$ 280,679	\$ 355,228
Tax Refund Receivable	13,586	10,901
Others	<u>9,928</u>	<u>5,158</u>
	<u>\$ 304,193</u>	<u>\$ 371,287</u>
Annual percentage rate of time deposits with an initial maturity of more than three months (%)	0.3-0.815	0.45-1.07

(10) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Raw materials	\$ 312,582	\$ 299,116
Finished good Inventory	18,649	38,115
Work in process	4,883	6,401
Products	<u>-</u>	<u>1,745</u>
	<u>\$ 336,114</u>	<u>\$ 345,377</u>

Inventory-related operating costs as of 2020 and 2019 are respectively NT\$5,158,502,000 and NT\$4,783,009,000.

Operating costs include the following items:

	<u>2020</u>	<u>2019</u>
Unamortized fixed production overheads	\$ 347	\$ 6,107
Revenue from sale of scraps	(35,485)	(30,588)
Inventory Valuation Losses	44,673	1,799

(11) Subsidiaries

a. Subsidiaries incorporated in the consolidated financial statements

The basis for the consolidated financial statements is as follows:

Investor	Company Name	Equity holding (%)	
		2020 December 31	2019 December 31
Parent Company	Lingsen Holding (Samoa) Inc.	100	100
	Panther Technology Co., Ltd.	64	64
	Sooner Power Semiconductor Co., Ltd.	99	99
Investor	Company Name	Equity holding (%)	
		2020 December 31	2019 December 31
Parent Company	Lee Shin Investment Co., Ltd.	100	100
	Lingsen America Inc.	100	100
	Nexus Material Corporation	78	78
Lee Shin Investment Co., Ltd.	Sooner Power Semiconductor Co., Ltd.	1	1
	Nexus Material Corporation	21	21
Lingsen Holding (Samoa) Inc.	Li Yuan Investments Co., Ltd.	100	100
Li Yuan Investments Co., Ltd.	Ningbo Liyuan Technology Co., Ltd.	100	100

See Table 4 and 5 for the location and business of aforementioned subsidiaries

b. Significant information on subsidiaries of non-controlling interests

Company Name	Percentage of Ownership (%)	
	December 31, 2020	December 31, 2019
Panther Technology Co., Ltd.	36	36

The following summary of financial information of Panther Technology Co., Ltd. is prepared in accordance with the amount prior to elimination of intragroup transactions:

	December 31, 2020	December 31, 2019
Current assets	\$ 279,424	\$ 235,594

Non-current assets	670,781	591,649
Current liabilities	(172,596)	(148,054)
Non-current liabilities	(266,386)	(173,998)
Equity	<u>\$ 511,223</u>	<u>\$ 505,191</u>
Interests attributed to:		
Owners of the Company	\$ 325,496	\$ 321,655
non-controlling interests of Panther Technology Co., Ltd.	<u>185,727</u>	<u>183,536</u>
	<u>\$ 511,223</u>	<u>\$ 505,191</u>
	2020	2019
Operating income	<u>\$ 569,793</u>	<u>\$ 567,302</u>
Current net profit	\$ 6,032	\$ 2,068
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 6,032</u>	<u>\$ 2,068</u>
Net income is attributed to:		
Owners of the Company	\$ 3,840	\$ 1,317
Non-controlling interests of Panther Technology Co., Ltd.	<u>2,192</u>	<u>751</u>
	<u>\$ 6,032</u>	<u>\$ 2,068</u>
The total comprehensive income is attributed to:		
Owners of the Company	\$ 3,840	\$ 1,317
Non-controlling interests of Panther Technology Co., Ltd.	<u>2,192</u>	<u>751</u>
	<u>\$ 6,032</u>	<u>\$ 2,068</u>
Cash flow		
From operating activities	\$ 106,161	\$ 133,947
From investing activities	(190,301)	(184,601)
From financing activities	<u>105,893</u>	<u>67,163</u>
New cash inflow	<u>\$ 21,753</u>	<u>\$ 16,509</u>

(12) Investments accounted for using the equity method

Investees	December 31, 2020		December 31, 2019	
	Amount	Shares	Amount	Shares
<u>Common stock that has never been listed on the TWSE or TPEX</u>				
Qi Feng Technology Co., Ltd.	\$ 11,417	30%	\$ 11,417	30%
Less: accumulated impairment	(11,417)		(11,417)	
	<u>\$ -</u>		<u>\$ -</u>	

Investments accounted for using the equity method as well as the Group's share of profit or loss and other comprehensive income are not calculated in accordance with

auditors' reports. However, the management of the Group determines that it shall have little influence if financial statements of Qi Feng Technology Co., Ltd. are not audited.

(13) Property, Plant and Equipment

	December 31, 2020	December 31, 2019
Assets used by the Company	\$ 3,291,413	\$ 3,874,167
Assets subject to operating leases	200,137	200,459
	<u>\$ 3,491,550</u>	<u>\$ 4,074,626</u>

a. Assets used by the Company

2020	Balance at the beginning of the year	Increase	Decrease	Reclassification	Exchange difference	Balance at the end of the year
<u>Cost</u>						
Land	\$ 127,534	\$ -	\$ -	\$ -	\$ -	\$ 127,534
Buildings	3,147,941	6,840	85,309	-	7,013	3,076,485
Machinery and equipment	5,368,285	208,384	754,934	(9,033)	1,223	4,813,925
Transportation equipment	23,191	2,271	2,382	-	(51)	23,029
Office equipment	75,982	4,603	4,289	-	11	76,307
Other facilities	314,612	56,398	64,659	-	584	306,935
Total costs	<u>9,057,545</u>	<u>\$ 278,496</u>	<u>\$ 911,573</u>	<u>(\$ 9,033)</u>	<u>\$ 8,780</u>	<u>8,424,215</u>
<u>Accumulated depreciation</u>						
Buildings	1,240,194	\$ 127,211	\$ 85,309	\$ -	\$ 5,224	1,287,320
Machinery and equipment	3,571,423	614,805	749,523	(11,464)	771	3,426,012
Transportation equipment	19,889	1,609	2,382	-	(21)	19,095
Office equipment	45,660	11,658	4,289	-	4	53,033
Other facilities	188,471	58,076	64,653	-	251	182,145
Total accumulated depreciation	<u>5,065,637</u>	<u>\$ 813,359</u>	<u>\$ 906,156</u>	<u>(\$ 11,464)</u>	<u>\$ 6,229</u>	<u>4,967,605</u>
<u>Accumulated impairment</u>						
Land	59,787	\$ -	\$ -	\$ -	\$ -	59,787
Buildings	57,954	2,851	-	-	-	60,805
Machinery and equipment	-	40,943	-	-	-	40,943
Office equipment	-	708	-	-	-	708
Other facilities	-	2,954	-	-	-	2,954
Accumulated impairment loss	<u>117,741</u>	<u>\$ 47,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>165,197</u>
	<u>\$ 3,874,167</u>					<u>\$ 3,291,413</u>

2019	Balance at the beginning of the year	Effects of retrospectively applying IFRS 16	Balance at the beginning of the year (restated)	Increase	Decrease	Reclassification	Exchange difference	Balance at the end of the year
<u>Cost</u>								
Land	\$ 127,534	\$ -	\$ 127,534	\$ -	\$ -	\$ -	\$ -	\$ 127,534
Buildings	3,570,455	(277,992)	3,292,463	7,277	140,899	7,623	(18,523)	3,147,941
Machinery and equipment	5,705,696	(1,300)	5,704,396	434,240	796,304	28,758	(2,805)	5,368,285
Transportation equipment	24,997	-	24,997	-	1,782	-	(24)	23,191
Office equipment	72,801	-	72,801	5,604	2,384	-	(39)	75,982
Other facilities	288,567	-	288,567	50,115	25,954	3,165	(1,281)	314,612
Unfinished construction	6,140	-	6,140	670	-	(6,810)	-	-
Total costs	<u>9,796,190</u>	<u>(\$ 279,292)</u>	<u>9,516,898</u>	<u>\$ 497,906</u>	<u>\$ 967,323</u>	<u>\$ 32,736</u>	<u>(\$ 22,672)</u>	<u>9,057,545</u>
<u>Accumulated depreciation</u>								
Buildings	1,327,064	(\$ 74,292)	1,252,772	\$ 141,274	\$ 140,899	(\$ 89)	(\$ 12,864)	1,240,194

2019	Balance at the beginning of the year	Effects of retrospectively applying IFRS 16	Balance at the beginning of the year (restated)	Increase	Decrease	Reclassification	Exchange difference	Balance at the end of the year
Machinery and equipment	3,698,082	(139)	3,697,943	671,213	796,247	186	(1,672)	3,571,423
Transportation equipment	19,786	-	19,786	1,892	1,782	-	(7)	19,889
Office equipment	36,695	-	36,695	11,367	2,384	-	(18)	45,660
Other facilities	151,136	-	151,136	63,877	25,954	-	(588)	188,471
Total accumulated depreciation	5,232,763	(\$ 74,431)	5,158,332	\$ 889,623	\$ 967,266	\$ 97	(\$ 15,149)	5,065,637
<u>Accumulated impairment</u>								
Land	59,787	\$ -	59,787	\$ -	\$ -	\$ -	\$ -	59,787
Buildings	57,954	-	57,954	-	-	-	-	57,954
Accumulated impairment loss	117,741	\$ -	117,741	\$ -	\$ -	\$ -	\$ -	117,741
	<u>\$ 4,445,686</u>		<u>\$ 4,240,825</u>					<u>\$ 3,874,167</u>

For the slow sales for parts of the Group's product, the Group expects that economical benefit on such machinery equipment has decreased, resulting in the recoverable amount is less than carrying amount. The impairment loss of NT\$47,456,000 was recognized in 2020, which has been listed in consolidated statement of comprehensive income.

Depreciation is computed on a straight-line basis over the following estimated useful live:

Buildings	
Plant building	45-50 year
Hydropower air-conditioning engineering	3-20 years
Machinery and equipment	3-10 year
Transportation equipment	4-7 years
Office equipment	3-7 years
Other facilities	3-7 years

See note 28 for the amount of property, plant, and equipment used by the Company pledged as collaterals.

b. Assets subject to operating leases

2020	Balance at the beginning of the year	Increase	Reclassification	Balance at the end of the year
<u>Cost</u>				
Buildings	\$ 279,629	\$ -	\$ -	\$ 279,629
Machinery and equipment	-	-	15,933	15,933
	<u>279,629</u>	<u>\$ -</u>	<u>\$ 15,933</u>	<u>295,562</u>
<u>Accumulated depreciation</u>				
Buildings	79,170	\$ 4,791	\$ -	83,961

Machinery and equipment	-	-	11,464	11,464
Interest expenses	79,170	\$ 4,791	\$ 11,464	95,425
	<u>\$ 200,459</u>			<u>\$ 200,137</u>

2019	Balance at the beginning of the year	Effects of retrospective applying IFRS 16	Balance at the beginning of the year (restated)	Increase	Reclassification	Balance at the end of the year
<u>Cost</u>						
Buildings	\$ -	\$ 277,992	\$ 277,992	\$ -	\$ 1,637	\$ 279,629
Machinery and equipment	-	1,300	1,300	-	(1,300)	-
	-	<u>\$ 279,292</u>	<u>\$ 279,292</u>	<u>\$ -</u>	<u>\$ 337</u>	<u>279,629</u>
<u>Accumulated depreciation</u>						
Buildings	-	\$ 74,292	\$ 74,292	\$ 4,789	\$ 89	79,170
Machinery and equipment	-	139	139	47	(186)	-
	-	<u>\$ 74,431</u>	<u>\$ 74,431</u>	<u>\$ 4,836</u>	<u>(\$ 97)</u>	<u>79,170</u>
	<u>\$ -</u>					<u>\$ 200,459</u>

The Group has used buildings based on operating leases with a lease term of 1 to 18 years. All operating lease contracts include the clause where the lessee shall adjust the lease payment according to market rent when a right of renewal is exercised.

The operating lease payments receivable for the buildings is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 12,255	\$ 9,579
Year 2	9,690	9,121
Year 3	4,530	9,121
Year 4	4,530	3,961
Year 5	4,530	3,961
Over 5 Years	20,888	16,505
	<u>\$ 56,423</u>	<u>\$ 52,248</u>

Depreciation is computed on a straight-line basis over the following estimated useful live:

Buildings	45-50 year
Machinery and equipment	5-7 years

(14) Lease agreements

a. Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of right-of-use assets		
Land	\$ 161,942	\$ 177,883
Buildings	<u>2,859</u>	<u>2,550</u>
	<u>\$ 164,801</u>	<u>\$ 180,433</u>
	<u>2020</u>	<u>2019</u>
Addition to right-of-use assets	<u>\$ 2,211</u>	<u>\$ 5,032</u>
Depreciation expense of right-of-use assets		
Land	\$ 4,628	\$ 5,136
Buildings	1,902	2,243
Machinery and equipment	-	39
Transportation equipment	<u>-</u>	<u>447</u>
	<u>\$ 6,530</u>	<u>\$ 7,865</u>
Sublease income of right-of-use assets (Rent Income from sublease)		
	<u>(\$ 1,464)</u>	<u>(\$ 1,464)</u>

b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of lease liabilities		
Current	<u>\$ 5,494</u>	<u>\$ 5,510</u>
Non-current	<u>\$ 152,251</u>	<u>\$ 167,111</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	0.67%-0.91%	0.67%
Buildings	0.67%-1.65%	0.67%-1.65%
Machinery and equipment	-	1.54%
Transportation equipment	-	0.67%

c. Material leases and terms

The Group leases several transportation for the use of business with a lease term of 1 to 3 years. Upon the termination of the contract, such contract does not contain a bargain purchase option for the Group.

The Group leases several lands and buildings for the use of plants, office buildings and employee dormitories with a lease term of 1 to 10 years. Upon the termination of the contract, the lands and buildings do not contain a bargain purchase option for the Group.

d. Sublease

The Group subleases right-of-use of land as operating lease, with a lease term of 20 years. The lessee shall adjust the lease payment according to market rent when a right of renewal is exercised

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Year 1	\$ 1,464	\$ 1,464
Year 2	1,464	1,464
Year 3	1,464	1,464
Year 4	1,464	1,464
Year 5	1,464	1,464
Over 5 Years	<u>16,470</u>	<u>17,934</u>
	<u>\$ 23,790</u>	<u>\$ 25,254</u>

e. Information on other lease

See Note 13 for agreements that the Group sells property, plant and equipment used by the Group under operating leases.

	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases	<u>\$ 54,387</u>	<u>\$ 66,405</u>
Total cash outflow for leases	(<u>\$ 62,398</u>)	(<u>\$ 75,754</u>)

The Group leases certain machinery and equipment, buildings and building leases which qualify as short-term 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.

(15) Other assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Supply inventory	\$ 105,225	\$ 69,131
Time Deposit Pledge (Note 28)	71,888	71,884
Tax Overpaid Retained for Offsetting the Future Tax Payable	25,305	22,789
Prepayments	13,993	14,889
Payments on behalf of others	5,086	3,902
Input Tax	2,733	1,246
Others	604	739
	<u>\$ 224,834</u>	<u>\$ 184,580</u>
<u>Non-current</u>		
Prepayments for business facilities	\$ 157,529	\$ 40,490
Others	12,019	7,111
	<u>\$ 169,548</u>	<u>\$ 47,601</u>

(16) Borrowings

a. Short-term bank loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit loan	\$ 163,920	\$ 389,921
Import and export financing	84,759	38,068
	<u>\$ 248,679</u>	<u>\$ 427,989</u>
<u>Annual percentage rate(%)</u>		
Credit loan	0.8-4.98	0.96-4.98
Import and export financing	0.90-1.32	2.48-2.8

b. Long-term bank loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Collateralized borrowings	\$ 965,876	\$ 1,158,310
Credit loan	98,000	144,000
	1,063,876	1,302,310
Less: amount falling due in one year	(486,287)	(399,043)
Amount falling due after one year	<u>\$ 577,589</u>	<u>\$ 903,267</u>
<u>Annual percentage rate(%)</u>		
Collateralized borrowings	0.42-1.54	0.67-1.80
Credit loan	0.42-1.6	0.67-1.83

Maturity

Collateralized borrowings	2021.11-2027.03	2020.03-2025.12
Credit loan	2021.11-2022.04	2021.11-2022.04

(17) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Wages payable	\$ 208,859	\$ 195,713
Accounts payable, factory supplies	178,822	144,532
Vacation pay payable	56,561	54,864
Accounts payable, equipment	23,488	52,749
Employees' compensation and remuneration of directors payable	1,062	91
Others	<u>114,081</u>	<u>108,621</u>
	<u>\$ 582,873</u>	<u>\$ 556,570</u>

(18) Provisions - Current

Provisions for sales returns and allowances are, estimated under experiences, judgement of the management and other known reasons for the probable sales returns and allowances, and recognized as the subtraction of operating revenue upon the related service is provided and products are sold at the current year.

Changes on provisions are as below:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 12,378	\$ 12,086
Current recognition	<u>7,072</u>	<u>292</u>
Balance at the end of the year	<u>\$ 19,450</u>	<u>\$ 12,378</u>

(19) Retirement benefits Plan

a. Defined contribution plans

The labor pension system under Labor Pension Act applicable to the Company, Panther Technology Co., Ltd., Nexus Material Corporation, and Sooner Power Semiconductor Co., Ltd. is defined contribution retirement benefit plans managed by the government. The employer shall contribute labor pension funds equal to six percent of an employee's monthly salary to individual labor pension accounts at the Bureau of Labor Insurance (the Bureau) for employees.

Ningbo Liyuan Technology Co., Ltd. participated in social insurance plan managed and planned by government of China, which is a defined contribution plan. The endowment insurance paid for the government is recognized as current expense upon withdrawal.

The retirement procedure and system has not established for Lingsen America Inc.

As investment companies or no employees hired, there is no retirement procedure or

system established for Lee Shin Investment Co., Ltd., Lingsen Holding (Samoa) Inc., Li Yuan Investments Co., Ltd.

b. Defined benefit plans

The Group has labor pension system as defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement approved. The Company contributes an amount equal to 3% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the balance in the Funds is assessed. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees qualified with retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds.

The amount of defined benefit plans recognized in the consolidated balance sheets is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligation	\$ 788,843	\$ 786,506
Fair value of plan assets	(734,602)	(709,150)
Net defined benefit liabilities	<u>\$ 54,241</u>	<u>\$ 77,356</u>

Movements the net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
Balance as of January 1, 2019	<u>\$ 803,059</u>	<u>(\$ 667,401)</u>	<u>\$ 135,658</u>
Service cost			
Current service cost	8,564	-	8,564
Interest expense	<u>7,848</u>	<u>(6,541)</u>	<u>1,307</u>
Defined benefit costs			
recognized in profit or loss	<u>16,412</u>	<u>(6,541)</u>	<u>9,871</u>
Remeasurement of the net defined benefit liability/asset			
Return on plan assets (excluding amounts	-	(36,134)	(36,134)

included in net interest expense)			
Actuarial loss			
- changes in demographic assumptions	238	-	238
- changes in financial assumptions	21,079	-	21,079
- experience adjustments	<u>2,678</u>	<u>-</u>	<u>2,678</u>
Defined benefit costs recognized in other comprehensive income	<u>23,995</u>	<u>(36,134)</u>	<u>(12,139)</u>
Contributions from employer	-	(30,000)	(30,000)
Benefits paid	<u>(56,960)</u>	<u>30,926</u>	<u>(26,034)</u>
Balance as of December 31, 2019	<u>786,506</u>	<u>(709,150)</u>	<u>77,356</u>
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Service cost			
Current service cost	\$ 8,246	\$ -	\$ 8,246
Interest expense	<u>5,764</u>	<u>(5,297)</u>	<u>467</u>
Defined benefit costs recognized in profit or loss	<u>14,010</u>	<u>(5,297)</u>	<u>8,713</u>
Remeasurement of the net defined benefit liability/asset			
Return on plan assets (excluding amounts included in net interest expense)	-	(30,383)	(30,383)
Actuarial loss			
- changes in demographic assumptions	1,460	-	1,460
- changes in financial assumptions	36,809	-	36,809
- experience adjustments	<u>(9,714)</u>	<u>-</u>	<u>(9,714)</u>
Defined benefit costs recognized in other comprehensive income	<u>28,555</u>	<u>(30,383)</u>	<u>(1,828)</u>
Contributions from employer	-	(30,000)	(30,000)
Benefits paid	<u>(40,228)</u>	<u>40,228</u>	<u>-</u>
Balance as of December 31, 2020	<u>\$ 788,843</u>	<u>(\$ 734,602)</u>	<u>\$ 54,241</u>

Due to the defined benefit plans under the R.O.C. Labor Standards Law, the Group is exposed to the following risks:

1. Investment risk: The pension funds are invested in domestic and foreign equity securities, debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds' designated authorities or under the mandated management. However, the distributions on plan assets shall not be less than the return calculated by the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will increase as well. These will be partially offset on net defined benefit liabilities.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation are carried out by qualified actuaries. The principal assumptions are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.30%	0.75%
Expected salary increase rate	2.00%	2.00%

If reasonably likely changes respectively occur in the principal assumptions and all other assumptions are held constant, the amount of present value of the defined benefit obligation is increased or decreased as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate		
increase by 0.25%	(\$ 20,822)	(\$ 21,089)
decrease by 0.25%	<u>\$ 21,640</u>	<u>\$ 21,937</u>
Expected salary increase rate		
increase by 0.25%	<u>\$ 21,219</u>	<u>\$ 21,609</u>
decrease by 0.25%	(\$ 20,531)	(\$ 20,886)

The sensitivity analysis presented above may not reflect the actual change in 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.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Contributions expected in one year	<u>\$ 30,000</u>	<u>\$ 30,000</u>
Average maturity of defined benefit obligation	10 years	10 years

(20) Equity

a. Common Stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousands)	<u>380,102</u>	<u>380,102</u>
Issued capital	<u>\$ 3,801,023</u>	<u>\$ 3,801,023</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Additional paid-in capital	\$ 1,123,151	\$ 1,123,151
From convertible bonds	252,910	252,910
Treasury stock transactions	8,190	62,061
Donations	353	289
Interest premium payable on convertible bonds	-	13,285
	<u>\$ 1,384,604</u>	<u>\$ 1,451,696</u>

The capital surplus generated from donations and the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, convertible bonds, treasury stocks and difference between the price of acquisition or disposal of subsidiaries' equity and the book value) may be used to offset a deficit. In addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or stock dividends to the paid-in capital. However, stock dividends may not exceed a certain percent of the paid-in capital.

c. Retained earnings and dividend policy

Surplus earning distribution policy under the Company's Articles of Incorporation states that when allocating earnings, the Group shall pay the tax, offset its losses, set aside its legal capital reserve at ten percent of the retained earnings, and then set aside or reverse special capital reserve in accordance with relevant laws or regulations; if there are earnings left, along with accumulated unappropriated surplus, the Board of Directors shall propose the surplus earning distribution for shareholders'

meeting to determine the allocation of dividends and bonus. See Note 22 for distribution policy for employees' compensation, and remuneration of directors under the Company's Articles of Incorporation.

Legal capital reserve shall be set aside until its balance equals to full amount of the paid-in capital. The reserve may be used to offset a deficit. When the Group has no deficit, the portion in excess of 25% of the paid-in capital may be used to distributed as dividends in stocks or cash.

The Company regulates to set aside and reverse special capital reserve in compliance with FSC No. 1010012865, FSC No. 1010047490 and 'Common Questions on Special Capital Reserve Appropriation in Adoption of International Financial Reporting Standards (IFRSs).'

The Company approved loss make-up proposal of 2018 in the shareholders' meeting in June 2019. Due to losses in 2018, the earnings were not allocated after deficit was offset and special capital reserve at NT\$99,169,000 was set aside. In addition, the capital surplus is distributed in cash at NT\$76,000,000, as NT\$0.1999 per share.

The Company has approved loss make-up proposal of 2019 in the shareholders' meeting in June 2020. Due to losses in 2019, the earnings were not allocated after special capital reserve at NT\$34,836,000 was reversed and deficit was offset respectively by legal capital reserve at NT\$359,085,000 and capital surplus at NT\$67,156,000.

The Board of Directors in the Company has made the loss make-up proposal of 2020 on March 18, 2021. Due to losses in 2020, the earnings were not allocated after the special capital reserve at NT\$31,601,000 and a deficit of capital surplus at NT\$134,666,000 were offset.

Loss make-up proposal of 2020 is expected to be determined in the shareholders' meeting in June 2021.

d. Non-controlling interests

Sooner Power Semiconductor Co., Ltd. has conducted the capital increase of NT\$250,000,000 in December 2020, which was all subscribed by the Company to maintain its share at 99%.

The aforementioned transaction which does not change the Group's controlling the subsidiary are accounted for as equity transactions

e. Treasury stocks

On June 16, 2020, in the purpose of transferring stocks to employees, the Board of Directors has determined, from of June 17, 2020 to August 14, 2020, to repurchase 2,000,000 shares to increase treasury stocks at a centralized securities exchange market, at the price of NT\$7.28 to NT\$13; however, when the stock price is lower

than the floor price, the Company can continue the repurchase with the ceiling of total amount of repurchase of NT\$26,000,000. Upon December 31, 2020, the Company has repurchased 2,000,000 shares and NT\$23,413,000 respectively.

The treasury stocks held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and the Company is not entitle to distribute dividends and to vote.

The relevant information on the Company's shares held by Li Xin Investment Co., Ltd. is as follows:

	Total Shares O w n e d	C a r r y i n g a m o u n t	Market value
December 31, 2020	5,658,911	\$ 80,639	\$ 80,639
December 31, 2019	5,658,911	\$ 58,853	\$ 58,853

the shares of the Company held by a subsidiary shall be regarded as treasury stocks. It is given the same rights as the common shareholders, except for cash increase from the Company and voting.

(21) Revenue

	2020	2019	
Revenue from Contracts with Customers			
Service Income	\$ 5,405,885	\$ 4,650,979	
Sales revenue	<u>51,701</u>	<u>68,411</u>	
	<u>\$ 5,457,586</u>	<u>\$ 4,719,390</u>	
a. Contract balances			
	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets - current	\$ 126,485	\$ 90,702	\$ 88,130
Notes receivable	9,386	6,968	10,896
Accounts receivable	<u>1,311,023</u>	<u>1,083,869</u>	<u>1,092,065</u>
	<u>\$ 1,446,894</u>	<u>\$ 1,181,539</u>	<u>\$ 1,191,091</u>
b. Details of revenue from contracts with customers			
See Note 32 for the information on details of revenue from contracts with customers			
c. Timing of revenue recognition			
	2020	2019	
Performance obligation satisfied over time	\$ 5,405,885	\$ 4,650,979	
Performance obligation satisfied at a point in time	<u>51,701</u>	<u>68,411</u>	
	<u>\$ 5,457,586</u>	<u>\$ 4,719,390</u>	

(22) Labor cost and depreciation

<u>C l a s s i f i c a t i o n</u>	<u>Classified as operating costs</u>	<u>Classified as o p e r a t i n g e x p e n s e s</u>	<u>T o t a l</u>
<u>2020</u>			
Employee labor cost			
Short-term employee			
benefits	\$ 1,272,351	\$ 246,325	\$ 1,518,676
Pensions			
Defined contribution			
plans	41,743	8,816	50,559
Defined benefit plans	7,525	1,188	8,713
Other labor cost	104,409	18,217	122,626
Depreciation expenses	759,937	64,743	824,680
<u>2019</u>			
Employee labor cost			
Short-term employee			
benefits	1,110,963	249,777	1,360,740
Pensions			
Defined contribution			
plans	43,224	10,307	53,531
Defined benefit plans	8,399	1,472	9,871
Other labor cost	204,535	35,027	239,562
Depreciation expenses	831,369	70,955	902,324

Under the Company's Articles of Incorporation, the Company shall accrue employees' compensation and remuneration of directors at the rates of no less than 10% and no higher than 2% respectively, of net profit before income tax, of employees' compensation, and remuneration of directors. Due to a deficit in 2020 and 2019, the employees' compensation and remuneration of directors have not been estimated yet.

If the amount in the annual consolidated financial statements still has any changes after the date it is approved and published, it is regarded as changes on accounting estimates and will be adjusted to the next year.

Please see 'Market Observation Post System' under the Taiwan Stock Exchange for the information on the employees' compensation and remuneration of directors determined by the Board of Directors.

(23) Income Tax

a. Main components of income tax expense recognized in profit or loss

	2020	2019
Current tax		
Income tax expense generated in the current year	\$ 954	\$ 309
Adjustment on prior years	(<u>43</u>)	<u>3,851</u>
	911	4,160
Deferred tax		
Income tax expense generated in the current year	15,703	(945)
Adjustment on prior years	<u>110</u>	<u> </u>
Income tax expense recognized in profit or loss	<u>\$ 16,724</u>	<u>\$ 3,215</u>

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

	2020	2019
Tax benefit at the statutory rate	(\$ 29,283)	(\$ 109,783)
Permanent differences	45,193	30,390
Temporary differences	18,191	3,174
Current loss carryforward	(17,598)	-
Unrecognized loss carryforward	20,682	121,111
Effect of Exchange Rate Changes applicable to the consolidated entities	(36,231)	(44,583)
Deferred tax		
Income tax expense generated in the current year	15,703	(945)
Adjustment on prior years	110	-
Adjustment on prior years	(<u>43</u>)	<u>3,851</u>
Income tax expense recognized in profit or loss	<u>\$ 16,724</u>	<u>\$ 3,215</u>

The President of R.O.C. has announced the amendments to 'Statute for Industrial Innovation' in July 2019, which stating that the undistributed earnings to construct or purchase a certain asset or technology as of or after 2018 may be deducted from the undistributed earnings in calculation. The Group only deducts the amount of capital expenditure which has actually been processed in calculation of undistributed surplus earnings.

b. Deferred tax assets and liabilities

2020	Balance at the beginning of the year	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	transaction differences	Balance at the end of the year
<u>Deferred tax income assets</u>					
Temporary differences					
Defined benefit retirement plans	\$ 15,084	\$ -	(\$ 366)	\$ -	\$ 14,718
Inventory falling price reserves	5,154	331	-	-	5,485
Vacation pay payable	10,723	338	-	-	11,061
Provision	2,476	1,414	-	-	3,890
Right-of-use assets	110	(110)	-	-	-
Others	558	(399)	-	(7)	152
	34,105	1,574	(366)	(7)	35,306
Loss carryforwards	73,123	(17,124)	-	-	55,999
	<u>\$107,228</u>	<u>(\$ 15,550)</u>	<u>(\$ 366)</u>	<u>(\$ 7)</u>	<u>\$ 91,305</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Difference on depreciation methods	\$ 633	(\$ 185)	\$ -	\$ -	\$ 448
Others	260	448	-	-	708
	<u>\$ 893</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,156</u>
2019					
<u>Deferred tax income assets</u>					
Temporary differences					
Defined benefit retirement plans	\$ 17,512	\$ -	(\$ 2,428)	\$ -	\$ 15,084
Inventory falling price reserves	4,971	183	-	-	5,154
Vacation pay payable	9,450	1,273	-	-	10,723
Provision	2,417	59	-	-	2,476
Right-of-use assets	-	110	-	-	110
Others	600	(41)	-	(1)	558
	34,950	1,584	(2,428)	(1)	34,105
Loss carryforwards	73,767	(644)	-	-	73,123
	<u>\$108,717</u>	<u>\$ 940</u>	<u>(\$ 2,428)</u>	<u>(\$ 1)</u>	<u>\$107,228</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Difference on depreciation methods	\$ 807	(\$ 174)	\$ -	\$ -	\$ 633
Others	91	169	-	-	260
	<u>\$ 898</u>	<u>(\$ 5)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 893</u>

- c. Amount of unused loss carryforwards of deferred income tax assets which was not recognized in the consolidated balance sheet

<u>Y e a r</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
2020	\$ -	\$ 264,930
2021	228,296	228,296
2022	208,391	208,391
2023	136,913	136,913
2024	143,636	143,636
2025	127,855	127,855
2026	119,192	119,192
2027	122,573	122,573
<u>Y e a r</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
2028	\$ 104,397	\$ 104,397
2029	507,703	507,584
2030	103,475	-
	<u>\$ 1,802,431</u>	<u>\$ 1,963,767</u>

- d. Relevant information on unused loss carryforwards

<u>Last tax year</u>	<u>P a r e n t C o m p a n y</u>	<u>Sooner Power Semiconduct or Co., Ltd.</u>	<u>N e x u s M a t e r i a l Corporation</u>	<u>N i n g b o L i y u a n Technology Co., Ltd.</u>
2021	\$ -	\$ 134,711	\$ 24,810	\$ 68,775
2022	-	105,558	26,386	76,447
2023	-	116,449	20,464	-
2024	-	112,206	31,430	-
2025	-	127,847	8	-
2026	-	119,180	12	-
2027	-	122,548	25	-
2028	329,778	104,373	24	-
2029	389,680	117,998	25	-
2030	-	103,410	65	-
	<u>\$ 719,458</u>	<u>\$1,164,280</u>	<u>\$ 103,249</u>	<u>\$ 145,222</u>

- e. The total amount of deductible temporary differences for which is relevant to invested subsidiaries and no deferred tax assets have been recognized is as follows:

<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>\$ 2,514,376</u>	<u>\$ 2,266,368</u>

- f. Income tax examination

The tax authorities have examined income tax returns of the Company and domestic subsidiaries through 2018.

g. Relevant information on income tax of foreign subsidiaries

The profit-seeking enterprise income tax of Ningbo Liyuan Technology Co., Ltd. is calculated in accordance with the tax law in China. As of the end of 2020, there are accumulated losses and no income tax payable.

As locally registered companies, Lingsen Holding (Samoa) Inc. and Li Yuan Investments Co., Ltd. are, under the regulation of the local law, exempt for income from offshore.

The profit-seeking enterprise income tax of Lingsen America Inc. is calculated in accordance with the tax law in America.

(24) Loss per Share

	Net loss belonging to common stockholders Owners of the Company	Number of Shares (Denominator) (in thousand)	Loss per share (N T \$)
<u>2020</u>			
Basic and diluted loss per share			
Net loss attributed to the owners of the Company	(\$ 164,343)	373,465	(\$ 0.44)
<u>2019</u>			
Basic and diluted loss per share			
Net loss attributed to the owners of the Company	(\$ 552,011)	374,443	(\$ 1.47)

It is assumed the Group is able to elect to pay employees' compensation in stocks or cash. Then if the compensation is given in stocks, and the weighted average number of ordinary shares outstanding shall be computed to the dilutive potential ordinary shares to calculate diluted EPS. On the calculation of diluted EPS before the decision on issuing shares in the next year, the consideration on the effect of such dilutive potential ordinary shares will continue.

(25) Capital Management

The Group manages its capital to ensure that it will be able to maximize shareholders return as a going concern through the optimization of the debt and equity balance. The overall strategy has not changed.

The Group's capital structure is consist of net debt (leases less cash and cash equivalent) and equity attributed to the Company's owner (common stocks, capital

surplus, retained earnings and other equity).

The Group is allowed not to follow other external laws or regulations on capitals.

The key management of the Group reviews its capital structure for each season, including the consideration on costs of every types of capitals and relevant risks. Based on the key management's advice, the Group balances its overall capital structure by paying dividend payments, new shares issuance, share repurchase and new debt issuance or debt repayment, etc.

(26) Financial instruments

a. Information on fair value

1) Financial instruments that are not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and liabilities that are not measured at fair value approximates its fair value or its fair value cannot be reliably measured.

2) Financial instruments that are measured at fair value on a recurring basis

(1) Fair value hierarchy

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets</u>				
<u>at fair value</u>				
<u>through other</u>				
<u>comprehensive</u>				
<u>income</u>				
Emerging stocks	\$ -	\$ -	\$ 32,186	\$ 32,186
Listed and OTC				
stocks	<u>6,795</u>	<u>-</u>	<u>-</u>	<u>6,795</u>
	<u>\$ 6,795</u>	<u>\$ -</u>	<u>\$ 32,186</u>	<u>\$ 38,981</u>
<u>December 31, 2019</u>				
<u>Financial assets</u>				
<u>at fair value</u>				
<u>through other</u>				
<u>comprehensive</u>				
<u>income</u>				
Emerging stocks	\$ -	\$ -	\$ 26,295	\$ 26,295
Listed and OTC				
stocks	<u>5,232</u>	<u>-</u>	<u>-</u>	<u>5,232</u>
	<u>\$ 5,232</u>	<u>\$ -</u>	<u>\$ 26,295</u>	<u>\$ 31,527</u>

Transfer between level 1 and level 2 fair value measurements in 2020 and 2019.

(2) Reconciliation of Level 3 fair value measurements on financial instruments

	F i n a n c i a l a s s e t s a t f a i r v a l u e t h r o u g h o t h e r c o m p r e h e n s i v e i n c o m e E q u i t y i n s t r u m e n t s	
<u>F i n a n c i a l a s s e t s</u>	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 26,295	\$ 40,801
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	5,891	(2,755)
Disposal	-	(11,751)
Balance at the end of the year	<u>\$ 32,186</u>	<u>\$ 26,295</u>

(3) Valuation techniques and input value used in Level 3 fair value measurement

The securities of emerging stocks held by the Group have no market price reference and thus are evaluated under the cost approach. Its fair value is computed in reference to investment assets.

b. Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost	\$ 3,196,934	\$ 3,330,424
Financial assets at fair value through other comprehensive income	38,981	31,527
<u>Financial Liabilities</u>		
Amortized cost	1,963,148	2,318,114

Balance of financial assets measured at amortized cost includes cash and cash equivalent, contract assets, notes and accounts receivable, other receivables, pledged time deposit and refundable deposits, and other financial assets measured at amortized cost.

Balance of financial liabilities measured at amortized cost includes short-term bank loans, accounts payable, other payables, long-term bank loans (including amount falling due in one year) and guarantee deposits received and other financial liabilities measured at amortized cost.

c. Financial risk management objectives and policies

The majority of financial instruments include equity instrument investments,

accounts receivable, accounts payable, borrowings and lease liabilities, etc. The financial management department provides service for each unit by organizing and coordinating the market operation nationally and internationally, supervising and reporting the internal risks by analyzing risk exposure according to the extent and breadth of risk, and managing financial risks associated with the Group's operation. Such risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group is exposed to the financial market risks, primarily changes in foreign currency exchange rates and interest rates, due to its operation.

The Group is exposed to market risk associated with financial instruments and the management and measurement of such exposure have not changed.

(1) Foreign currency risk

The Group's sales and purchase transactions are denominated in foreign currency, which exposes the Group to foreign currency risk. Approximately 20%~24% of sales revenue is not denominated in functional currency and approximately 45%~49% of the cost is not denominated in functional currency.

See Note 30 for the carrying amount of monetary assets and liabilities denominated in non-functional currency at the date of balance sheet.

Sensitivity analysis

The Group is mainly affected by fluctuations in U.S. dollar and Japanese yen.

The following table details the Group's sensitivity analysis to a 1% increase and decrease in NT dollar against the relevant foreign currency. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to the key management and represents the management's assessment of the reasonably likely change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and the end-of-year exchange rate is adjusted to 1% increase and decrease. The following table details the amount resulting in changes in net loss before tax to a 1% increase and decrease in NT dollar against the relevant foreign currency.

Categories of c u r r e n c y	The impact of fluctuations in exchange rate on p r o f i t o r l o s s	
	2020	2019
U.S. Dollar	\$ 254	\$ 1,299
Japanese yen	79	197

(2) Interest rate risk

The Group is exposed to interest rate risk for the reason that it has borrowed money at both fixed and variable rate. The Group maintains an appropriate fixed and floating rate for portfolio to manage interest rate risk. The hedge is evaluated on a regular basis, which makes its point of view and the established risk preference identical, to ensure the most efficient hedging strategy is adopted.

The carrying accounts of financial assets and liabilities exposed to interest rate risk at the date of balance sheet are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fair value interest rate risk		
Financial assets	\$ 531,493	\$ 736,616
Financial Liabilities	260,130	392,621
Cash flows Interest rate risk		
Financial assets	1,188,672	1,389,199
Financial Liabilities	1,210,170	1,510,299

Sensitivity analysis

The following sensitivity analysis is determined in accordance with interest rate risk of non-derivative instruments at the date of balance sheet. For the floating rate liabilities, the analysis is to assume that the amount of liabilities outstanding at the date of balance sheet is all outstanding at the reporting period. The rate of change used to report interest rate to the key management of the Group is 1% increase and decrease in interest rate and represents the management's assessment of reasonable likely changes in interest rate.

For floating-rate financial assets and liabilities, when interest rate is increase by 1% and other conditions remain unchanged, the net loss before tax in 2020 and 2019 are NT\$215,000 and NT\$1,211,000

respectively.

The Group's sensitivity of interest decreases in 2020, arising from an approximation of financial assets and liabilities with cash flow risk.

(3) Other price risk

The Group is exposed to price risk due to investments in equity securities. The management manage the risk by investing in portfolio with different risks.

Sensitivity analysis

The following sensitivity is analyzed according to the exposure to equity price risk at the date of balance sheet.

If the equity price changes by 1%, the other comprehensive income in 2020 and 2019 will increase and decrease NT\$68,000 and NT\$52,000 respectively due to changes in fair value of financial assets measured at fair value through profit or loss.

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. The maximum credit risk exposure due to the financial loss arising from the counterparty not performing its obligation and the Group's financial guarantee primarily results from:

- (1) The carrying amount of financial assets recognized in the consolidated balance sheet.
- (2) The Group has given financial guarantee and not taken the maximum amount to be paid into consideration.

The Group's credit risk is mainly resulted from its five largest customers. As of December 31, 2020 and 2019, the aforementioned customers are accounted for 45% and 48% of accounts receivable and contract assets, respectively.

3) Liquidity risk management

The Group manages and maintains a level of cash and cash equivalents adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of borrowings and ensures compliance with loan conditions.

The bank borrowing is a material source of liquidity to the Group. As of

December 31, 2020 and 2019, the undrawn loan amounts are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Undrawn loan amounts	<u>\$ 2,181,311</u>	<u>\$ 1,692,262</u>

Liquidity and interest risks of non-derivative financial liabilities

The funds are adequate to the Group's operations and thus the Group is not exposed to liquidity risk and financing to meet the contractual obligations.

The maturity of the Group's non-derivative financial liabilities which the repayment period has been committed is as follows:

<u>December 31, 2020</u>	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>more that 3 years</u>
Non-interest bearing liabilities	\$ 648,771	\$ -	\$ -
Lease liabilities	6,637	10,771	165,944
Floating-rate liabilities	632,581	428,864	148,725
Fixed-rate liabilities	<u>102,385</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,390,374</u>	<u>\$ 439,635</u>	<u>\$ 314,669</u>
<u>December 31, 2019</u>	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>more that 3 years</u>
Non-interest bearing liabilities	\$ 586,902	\$ -	\$ -
Lease liabilities	7,362	12,071	180,340
Floating-rate liabilities	607,032	826,816	76,451
Fixed-rate liabilities	<u>220,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,421,296</u>	<u>\$ 838,887</u>	<u>\$ 256,791</u>

The further information on a maturity analysis of lease liability is below:

	<u>Within 1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>10-15 years</u>	<u>15-20 years</u>	<u>Over 20 years</u>
<u>December 31, 2020</u>						
Lease liabilities	<u>\$ 6,637</u>	<u>\$ 20,302</u>	<u>\$156,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2019</u>						
Lease liabilities	<u>\$ 7,362</u>	<u>\$ 22,630</u>	<u>\$169,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amount of the aforementioned floating rate instrument of non-derivative liabilities will change resulting from the floating rate is different from the interest rate estimated at the date of balance sheet.

(27) Related-party transactions

Transactions, balances, income and expenses between the Company and subsidiaries (related parties of the Company) may be all eliminated in consolidation,

which are thus not disclosed in the note. Except for other notes disclosed, transactions between the Group and other related parties are as follows.

Compensation of key management personnel

	2020	2019
Short-term employee benefits	\$ 40,186	\$ 48,318
Pensions	917	1,168
	<u>\$ 41,103</u>	<u>\$ 49,486</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee in accordance with the individual performance and the market trends.

(28) Pledged Assets

The following assets are provided as collaterals and import duty payable for maximum loan amount:

	December 31, 2020	December 31, 2019
Property, plant, and equipment	\$ 1,823,785	\$ 2,151,999
Pledged time deposits (recognized in other current assets)	71,888	71,884
	<u>\$ 1,895,673</u>	<u>\$ 2,223,883</u>

(29) Significant Contingent Liabilities and Unrecognized Commitments

Significant contingent commitments of the Group at the end of balance sheet, excluding those disclosed in other notes, are as follows:

- a. For customs duties guarantee and other objectives, the financial institution has provided guarantee details as follows:

December 31, 2020	December 31, 2019
<u>\$ 33,950</u>	<u>\$ 41,150</u>

- b. Unrecognized commitments are as follows:

	December 31, 2020	December 31, 2019
Purchases of property, plant, and equipment	<u>\$ 429,517</u>	<u>\$ 107,367</u>

(30) Significant information on exchange rate of foreign currency financial assets and liabilities

The following information is summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed are used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange r a t e	N T D	Foreign currency	Exchange r a t e	N T D
<u>Foreign currency assets</u>						
<u>Monetary items</u>						
U.S. Dollar	\$ 16,668	28.48	\$474,705	\$ 17,131	29.98	\$513,587
Japanese yen	86,438	0.2763	23,883	109,847	0.276	30,318
<u>Foreign currency liabilities</u>						
<u>Monetary items</u>						
U.S. Dollar	17,561	28.48	500,137	12,797	29.98	383,654
Japanese yen	57,930	0.2763	16,006	38,649	0.276	10,667

Significant unrealized exchange gains or losses are as follows:

Foreign currency	2020		2019	
	Exchange rate	Exchange g a i n s (l o s s e s)	Exchange rate	Exchange g a i n s (l o s s e s)
U.S. Dollar	28.48 (USD : NTD)	\$ 2,459	29.98 (USD : NTD)	(\$ 182)
U.S. Dollar	6.5249 (USD : CNY)	(6,906)	6.9762 (USD : CNY)	2,103
Japanese yen	0.2763 (JPY : NTD)	104	0.276 (JPY : NTD)	(616)
Japanese yen	0.0634 (JPY : CNY)	-	0.0644 (JPY : CNY)	(3)
		(\$ 4,343)		\$ 1,302

(31) Other disclosures

- a. Information about significant transactions and b. investees
 - 1) Financing provided to others: None
 - 2) Endorsements/guarantees provided: Table 1
 - 3) Marketable securities held (excluding investment in subsidiaries, associates):
Table 2
 - 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 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) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Table 3

11) Information on investees: Table 4

c. Information on investment in Mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 5

2) Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

(3) The amount of property transactions and the amount of the resultant gains or losses: None

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 1

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Table 3

d. Information on major shareholders: names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the equity: Table 6

(32) Information on department

Information provided the key operating decision maker for resources allocation and performance evaluation of department focuses on each classification of products provided or service rendered. The department which shall be reported is IC packing and testing and others.

a. Departmental Income and Operation Results

	Departmental Income		Departmental Profits or Losses	
	2020	2019	2020	2019
Packaging and final testing of IC	\$ 5,405,885	\$ 4,650,979	(\$ 35,080)	(\$ 460,644)
Others	<u>51,701</u>	<u>68,411</u>	<u>(128,450)</u>	<u>(118,924)</u>
Total amount of continuing operations	<u>\$ 5,457,586</u>	<u>\$ 4,719,390</u>	(163,530)	(579,568)
Interest revenue			6,821	10,178
Rent Income			18,906	7,254
Dividend Income			1,165	4,731
Ordinary income and interest			52,855	31,089
Interest expenses			(18,563)	(19,578)
Ordinary expense and loss			(459)	(1,808)
Disposal of interest (loss) of property, plant, and equipment			484	(47)
Impairment loss			(47,456)	-
Exchange Gains or Losses			<u>3,361</u>	<u>(1,167)</u>
Loss from continuing operations before tax			<u>(\$ 146,416)</u>	<u>(\$ 548,916)</u>

The reported departmental income are generated from transactions with external customers. No intragroup sales occurred in 2020 and 2019.

Departmental interest refers to profits made by each department, excluding interest revenue, rental income, dividend income, disposal of income of property, plant and equipment, exchange gain or loss, financial cost and income tax expense. The amount of measurement provided to the key operating decision maker for resource allocation and performance evaluation of departments.

b. Total assets and liabilities of department

The Group did not provide reportable information on departments' asset to the operating decision maker, and thus the measurement of assets is zero.

c. Major income from products and service

The main business of the Group is IC packing and testing as well as optoelectronic devices, both as single category.

d. Information by Regions

The Group is located mainly in Asia, Americas and Europe.

Information on the Group's income from continuing operations by locations of operation and non-current assets by location of assets, from external customers, are as follows:

	Income from external c u s t o m e r s		Non-current assets	
	2020	2019	December 31, 2020	December 31, 2019
Asia	\$ 4,874,706	\$ 4,215,174	\$ 3,826,276	\$ 4,302,784
Americas	308,519	350,274	558	800
Europe	274,218	153,942	-	-
Africa	143	-	-	-
	<u>\$ 5,457,586</u>	<u>\$ 4,719,390</u>	<u>\$ 3,826,834</u>	<u>\$ 4,303,584</u>

Non-current assets exclude financial assets and deferred income tax assets.

e. Information on major customers

Income from a single customer which exceed ten percent of total income of the Group is as follows:

C u s t o m e r ' s N a m e	2020		2019	
	A m o u n t	%	A m o u n t	%
A customer	\$ 862,649	16	\$ 732,205	16
B customer	(Note)	-	(Note)	-

Note: The income does not exceed ten percent of the total income of the Group.

Lingsen Precision Industries, LTD. and its subsidiaries
 Endorsements/guarantees provided
 For the year ended December 31, 2020

Table 1

Amounts expressed in New Taiwan Dollars and in thousands of foreign currency

N o .	Endorsement/guarantee provider	G u a r a n t e e d p a r t y		Limits on endorsement/guarantee amount provided to each guaranteed party (N o t e)	M a x i m u m balance for the p e r i o d	Ending balance	Amount actually d r a w n	Amount of Endorsement/Guarantee Collateralized by Properties	R a t i o o f accumulated endorsement/guarantee to net equity per latest financial statements(%)	M a x i m u m amount of endorsement/guarantee allowance (N o t e)	G u a r a n t e e provided by parent company	G u a r a n t e e provided by subsidiary	G u a r a n t e e provided to subsidiaries in Mainland China
		Company Name	Relationship										
0	Parent Company	Sooner Power Semiconductor Co., Ltd.	Subsidiary	\$ 742,036	\$ 210,000	\$ 210,000	\$ -	\$ -	4	\$ 1,484,072	Y	—	—
		Ningbo Liyuan Technology Co., Ltd.	Third-tier subsidiary	742,036	142,400 (US\$ 5,000)	142,400 (US\$ 5,000)	113,920 (US\$ 4,000)	71,000	3	1,484,072	Y	—	Y

Note: Limits on endorsement/guarantee amount provided to each guaranteed party shall not exceed 15% of the net worth and maximum amount allowance shall not exceed 30% of the net worth.

Lingsen Precision Industries, LTD. and its subsidiaries

Marketable securities held

December 31, 2020

Table 2

Amounts expressed in thousands of New Taiwan Dollars/thousands of shares

Held company name	Marketable securities types and name	Relationship with the issuers	F i n a n c i a l s t a t e m e n t a c c o u n t	D e c e m b e r 3 1 , 2 0 2 0			
				Share/Units	Carrying amount	S h a r e s %	F a i r v a l u e (N o t e 3)
Parent Company Lee Shin Investment Co., Ltd.	<u>Stock</u> Amtek Semiconductors Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	527	\$ 6,192	2	\$ 6,192
	ETREND Hightech Corp.	None	Financial assets at fair value through other comprehensive income - non-current	75	2,265	-	2,265
	Xpert Semiconductor Inc.	None	Financial assets at fair value through other comprehensive income - non-current	45	-	-	-
	<u>Stock</u> The Company (Note 2)	Parent Company	Financial assets at fair value through other comprehensive income - non-current	5,659	80,639	1	80,639
	Enrich Tech CO., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,898	25,994	19	25,994
	ETREND Hightech Corp.	None	Financial assets at fair value through other comprehensive income - non-current	150	4,530	-	4,530
	Anwell Semiconductor Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	155	-	11	-

Note 1: See Table 4 and 5 for related information on investment in subsidiaries.

Note 2: The amount has been written-off in preparation of the consolidated financial statements

Note 3: Fair value of investment in emerging stocks is computed in reference to investment assets under the cost approach.

Lingsen Precision Industries, LTD. and its subsidiaries
The business relationship between the parent and the subsidiaries and significant transactions between them.
For the year ended December 31, 2020

Table 3

Amounts expressed in thousands of New Taiwan Dollars

No.	Name	Transaction Party	Relationship with the transaction party (Note 1)	Transactions			
				Item	Amount (Note 2)	Transaction Condition	Percentage of total revenue or total assets the consolidation (%)
0	Parent Company	Lingsen America Inc.	1	Commissions Expense	\$ 5,793	60 days	-
				Expense Payable	1,979	60 days	-
		Lee Shin Investment Co., Ltd.	1	Rent Income	36	—	-
		Panther Technology Co., Ltd.	1	Rent Income	1,556	—	-
				Advance Receipts	67	60 days	-
		Sooner Power Semiconductor Co., Ltd.	1	Operating Income		60 days	-
					2,818		
				Rent Income	2,160	60 days	-
				Accounts receivable	32	60 days	-
			Ningbo Liyuan Technology Co., Ltd.	1	Sales Revenue		30 days
1	Sooner Power Semiconductor Co., Ltd.				58		
				Other income	122	30 days	-
		Panther Technology Co., Ltd.	2	Other income		—	-
					451		
				Other receivables	30	—	-
				Refundable Deposits	2,330	—	-
		Ningbo Liyuan Technology Co., Ltd.	2	Operating Income		60 days	-
					13,393		
				Purchase	9,590	60 days	-
2	Panther Technology Co., Ltd.			Accounts receivable	1,445	60 days	-
				Accounts payable	1,677	60 days	-
		Nexus Material Corporation	2	Rent Income	36	60 days	-

Note 1 : (1) Parent company to subsidiary

(2) Subsidiary to parent company

Note 2: The amount has been written-off in preparation of the consolidated financial statements

Lingsen Precision Industries, LTD. and its subsidiaries

Information on investees

For the year ended December 31, 2020

Table 4

Amounts expressed in thousands of New Taiwan Dollars/thousands of shares

I n v e s t o r	I n v e s t e e s	L o c a t i o n	M a i n B u s i n e s s	Initial investment amount		Balance at December 31, 2020			Current income (losses) of the investee	Share of income (losses) recognized
				December 31, 2020	December 31, 2019	Shares	Ratio %	Carrying amount		
Parent Company	Lingsen Holding (Samoa) Inc. (Note 3)	Samoa Islands	Investment activities	\$ 1,660,738	\$ 1,602,568	52,000	100	\$ 175,821	(\$ 65,992)	(\$ 65,992)
	Panther Technology Co., Ltd. (Note 3)	Hsinchu County, Taiwan	IC testing	230,146	230,146	22,923	64	325,495	6,032	3,840
	Sooner Power Semiconductor Co., Ltd. (Note 3)	Hsinchu County, Taiwan	Electronic Parts and Components Manufacturing	604,223	354,223	60,422	99	188,779	(187,094)	(184,968)
	Lee Shin Investment Co., Ltd. (Note 1 and 3)	Taichung City	Investment activities	300,000	300,000	30,000	100	58,800	(959)	(959)
	Nexus Material Corporation (Note 2 and 3)	Hsinchu County, Taiwan	Wholesale of electronic materials and electronic parts and components manufacturing	53,483	53,483	5,348	78	20,848	(65)	(51)
	Lingsen America Inc. (Note 3)	California, America	Intermediary	32,311	32,311	1,000	100	60,192	122	122
	Qi Feng Technology Co., Ltd. (Note 2)	Taichung City	Electronic parts and components production and processing	24,000	24,000	2,400	30	-	-	-
Lee Shin Investment Co., Ltd.	Sooner Power Semiconductor Co., Ltd. (Note 3)	Hsinchu County, Taiwan	Electronic Parts and Components Manufacturing	2,561	2,561	277	1	866	(187,094)	(1,137)
	Nexus Material Corporation (Note 3)	Hsinchu County, Taiwan	Wholesale of electronic materials and electronic parts and components manufacturing	14,192	14,192	1,419	21	5,532	(65)	(14)
Lingsen Holding (Samoa) Inc.	Li Yuan Investments Co., Ltd. (Note 3)	Cayman Islands	Investment activities	1,660,738	1,602,568	52,000	100	175,821	(65,992)	(65,992)

Note 1: Treasury stocks have been deducted from the carrying amount of Lee Shin Investment Co., Ltd.

Note 2: Accumulated impairment loss has been deducted from the carrying amount of Nexus Material Corporation and Qi Feng Technology Co., Ltd.

Note 3: The amount has been written-off in preparation of the consolidated financial statements

Note 4: See Table 5 for relevant information on the investee in mainland China.

Lingsen Precision Industries, LTD. and its subsidiaries
Information on investment in Mainland China
For the year ended December 31, 2020

Table 5 Amounts expressed in New Taiwan Dollars and in thousands of foreign currency

Investee in mainland China Company Name	Main Business	Issued capital	Method of investment	Accumulated investment amount of outflow from Taiwan at the beginning of the year	Current inflow and outflow of c a p i t a l		Accumulated investment amount of outflow from Taiwan at the end of the year	Current income (losses) of the investee	Share of income (losses) of direct or indirect investees Ownership Percentage	Current recognition (Note 2)	Book value of investment at the end of year	Inflow of investment revenue to Taiwan upon the end of the year
					O u t f l o w	I n f l o w						
Ningbo Liyuan Technology Co., Ltd. (Note 4)	IC packing and testing as well as optoelectronic devices	US\$ 52,000	(Note 1)	\$ 1,602,568 (US\$ 50,000)	\$ 58,170 (US\$ 2,000)	\$ -	\$ 1,660,738 (US\$ 52,000)	(\$ 65,992)	100%	(\$ 65,992)	\$ 175,821	\$ -

Accumulated investment amount of outflow in China mainland from Taiwan at the end o f t h e y e a r	Investment amount approved by Investment C o m m i s s i o n , M O E A	limitation on investee regulated under Investment Commission, MOEA (Note 3)
\$ 1,660,738 (U.S. Dollar52,000)	U.S. Dollar55,000	\$ 2,968,145

Note 1: Investment in Mainland China companies through a company invested and established in a third region.

Note 2: Investment in profit or loss in accordance with reports audited by the CPA from the parent company.

Note 3: Limitation is calculated under 'Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China.'

Note 4: The amount has been written-off in preparation of the consolidated financial statements.

Lingsen Precision Industries, LTD.

Information on major shareholders

December 31, 2020

Table 6

S h a r e h o l d e r s	S h a r e s	
	Total Shares Owned	O w n e r s h i p P e r c e n t a g e
Trust account in CTBC Bank for ESOP committee of Lingsen Precision Industries, LTD.	25,442,792	6.69%
RUBYTOP Investment Co., Ltd (British Virgin Islands)	19,239,854	5.06%

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury stocks, at the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than ten percent of the shares, including their own shares and their delivery to the trust, and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System website.